



Daily Report

East Asia

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Daily Report

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South Pacific Ministers Condemn French Testing

Ministers View Nuclear Tests

BK1608122495 Melbourne Radio Australia
in English 0630 GMT 16 Aug 95

[From the "International Report" program]

[FBIS Transcribed Text] A meeting of Pacific environment ministers in Australia is calling on France to accept full responsibility for the effects of nuclear testing. In opening the Brisbane meeting, Australia's Environment Minister John Faulkner says the people in the region have the right to be worried about the impact of nuclear explosions, which range from half to 10 times the destructive power of the Hiroshima bomb. South Pacific correspondent Erina Reddan reports from Brisbane.

[Begin recording] [Faulkner] If they are so confident that their tests are safe and that they would have no adverse impact on the environment of the South Pacific, then the French Government should have no hesitation in accepting full responsibility for any environmental damage that may result from the testing. I therefore propose we join together in issuing a challenge to the French Government, a challenge to declare before the international community that they accept full and exclusive responsibility—including for any remediation or compensation that may be necessary for any accidents in the past, or present, or future from French nuclear testings on the environment of the South Pacific that fall on the heads of our people.

[Reddan] Australia's Prime Minister Paul Keating is quick to reiterate that Australia is not politically motivated by trying to squeeze France out of the region.

[Keating] [Words indistinct] game, but the sentiment towards this does not bear any antipathy toward the French or French culture. It's simply opposition to a bad individual decision, which we'd like to see changed.

[Reddan] Tuvalu's Deputy Prime Minister Otinielu Tausi went as far as to accuse France of systematic destruction.

[Tausi] ...and Tuvalu calls on the people and the nations of the Pacific and the world community to cause France to stop the malicious and the systematic destruction of the pillars of our very inheritance that our forefathers handed to us, an inheritance that we all want to preserve and hand over to our children.

[Reddan] It was up to the Pacific island representatives to sum up the feelings of the people of the region. Papua New Guinea's Home Affairs Minister Perry Zeipi.

[Zeipi] In that respect, we must be reminded that we do not inherit the honor, the power, the place, and the

seat of our ancestors. We only borrowed them for our children. [end recording]

The country, which today has taken the strongest stand against France's decision to resume nuclear testing was Nauru. President Bernard Dowiyogo said France is no longer welcome in the region and reiterated his threat that Nauru will break diplomatic relations if the tests go ahead. President Dowiyogo spoke with our South Pacific correspondent Erina Reddan.

[Begin recording] [Reddan] President Dowiyogo, Nauru is calling on France to withdraw from the region.

[Dowiyogo] Yes. Well, Erina, Nauru has had enough of this nuclear testing by the bigger countries, and especially France, and we feel that this nuclear testing by France is a hostile act. It's an unfriendly act. It's an uncaring attitude by France towards our region and, therefore, they should get out of here if they are not going to play ball.

[Reddan] You've threatened to break all diplomatic relations with France if tests go ahead. Will you go on ahead with that threat?

[Dowiyogo] Yes, I hope we don't have to, but we will because you know we believe very passionately in this—in this very important issue which affects adversely our livelihood in the region—and we will have to show to France that we mean what we say and we are very much disappointed. We're truly disappointed that they are [words indistinct] by that attitude and their behavior in resuming nuclear testing in the Pacific.

[Reddan] Now, what impact will that have by breaking diplomatic relations, and what's the aid and trade relationship that Nauru holds with France?

[Dowiyogo] Well, it will affect some business relationship with French companies, but I hope that by taking this stand against France that the Chirac government will see reason and reconsider its position and reverse the decision to resume nuclear testing.

[Reddan] When do you expect to break off diplomatic relations if you are going to?

[Dowiyogo] Well, when the French bomb takes off, we'll break off.

[Reddan] And you are hoping then that France will actually revert its decision even after starting the test?

[Dowiyogo] Well, we hope before that. [end recording]

Nauru Issues 'Ultimatum'

*BK1608025595 Hong Kong AFP in English
0241 GMT 16 Aug 95*

[FBIS Transcribed Text] BRISBANE, Australia, Aug 16 (AFP) — One of the world's smallest states, Nauru, Wednesday issued an ultimatum to France, saying that it will suspend diplomatic relations with Paris if it explodes a nuclear device.

The warning came from Nauru President Bernard Dowiyogo, who was speaking at the South Pacific Environment Minister's Meeting here.

In an at times emotionally charged speech, Dowiyogo said French President Jacques Chirac's decision to resume a limited series of nuclear tests was "barbaric and environmentally harmful."

Dowiyogo said he had sent a "strongly worded and argued diplomatic note" to France seeking a reversal of the decision.

"Nauru has further indicated to the French government that in the event of the nuclear testing going ahead, Nauru will suspend diplomatic relations with France," he told people at the meeting, called by Australia.

He said when France initially suspended its nuclear testing Nauru rejoiced, believing France was a caring partner in the Pacific.

"But now, with the breaking of that moratorium by the Chirac government, it is up to all of us just as strongly to condemn France as unwelcome in this sensitive ocean region."

He also said France's decision was incomprehensible.

"For France to speak of signing a comprehensive test ban treaty at the very moment it has revived its own testing in our own Pacific area smacks of the utmost in hypocrisy.

"We should all stand firmly against this."

Nauru, just south of the equator, is one of the wealthiest states in the world thanks to its phosphate-rich topsoil. But nearly a century of strip mining has left the 21-square-kilometre (54-square-mile) country an environmental disaster area.

Release of Test Data Urged

*BK1708083895 Melbourne Radio Australia
in English 0500 GMT 17 Aug 95*

[FBIS Transcribed Text] Pacific environment ministers meeting in the northern Australian city of Brisbane have rejected scientific claims that there will be little health risk from French nuclear testing in the region. An 18-

member scientific panel found there could be significant environmental damage but the health risks are minimal. As Erina Reddan reports the Cook Islands deputy prime minister, Vaine Tairea, has rejected the findings.

[Begin recording] [Tairea] We're the ones living closest to it [Mururoa]. We know what is happening to our environment. We know what is happening to the health of our people and the concern of our people.

[Reddan] The meeting's declaration has called on France to immediately release all its data and open the testing files of Mururoa Atoll for a comprehensive and independent scientific study. It also called on France to stop all nuclear testing including its computer simulation tests which it will move to after the final series of eight underground tests to begin in September. [End recording]

Meanwhile, Nauru has called on all Pacific countries to join it in breaking diplomatic relations with France if the planned series of eight French nuclear tests goes ahead. Nauru's President Bernard Dowiyogo made the call during the present conference. Erina Reddan again;

[Begin Reddan recording] President Dowiyogo says France should not go ahead with its testing program because it poses environmental and health risks for the people of the region. He recommended that all Pacific countries support New Zealand's attempt to reopen the 1973 World Court case against French nuclear testing. The court dismissed the case when France moved from atmospheric to underground tests.

The Cook Islands, which has strong aid ties with France although rejects nuclear testing, is also rejecting Nauru's call to break off diplomatic links. [end recording]

Ministers Issue Declaration

*LD1708084295 Melbourne Radio Australia
in English 0700 GMT 17 Aug 95*

[FBIS Transcribed Text] South Pacific environment ministers have called for an immediate end to all nuclear testing in all environments. They also say they will pursue their cause in all appropriate ways, including international forums. Louise Yaxley reports the ministers have issued a declaration after their two-day meeting in the Australian city of Brisbane, calling on France to immediately reverse its decision to resume nuclear tests in the South Pacific.

[Yaxley] They have repeated their call for France to pay compensation for any impact of the testing. They say France should close its nuclear and military facilities at Mururoa, except for those needed for environmental monitoring, and they have expressed support for New

Zealand's decision to reopen its 1973 International Court [of Justice] case against the testing. They have asked Australia's environment minister, John Faulkner, to tell his French counterpart of their demand for more independent scientific research in the area and Pacific Affairs Minister Gordon Bilney to pass on their concerns to France and other European nations when he leads a parliamentary delegation soon.

Melanesian Nations Meet on French Nuclear Tests

BK1108074095 Hong Kong AFP in English
0733 GMT 11 Aug 95

[FBIS Transcribed Text] Port Vila, Aug 11 (AFP) — Officials from three Melanesian island nations met Friday to forge a common stand on the resumption of French nuclear tests in the South Pacific, a Vanuatu official said.

The officials from Vanuatu, Papua New Guinea and Solomon Islands in the southwestern Pacific are attending the ninth annual meeting of The Melanesian Spearhead Group.

The Kanak Socialist National Liberation Front (FLNKS), the pro-independence movement in the French overseas territory of New Caledonia, is the fourth member of the group, while Fiji has observer status.

The meeting is being held in the village of Lakatoro on Malekula island, 200 kilometers (125 miles) north of Port Vila, with foreign affairs, trade and other officials discussing recommendations to be made to the three member country's prime ministers.

The leaders attending the three-day heads of government meeting were prime ministers Maxime Carlot of Vanuatu, Sir Julius Chan of Papua New Guinea and Solomon Mamaloni of Solomon Islands.

High on the agenda will be resumption of French nuclear tests in the South Pacific. France says it will stage eight tests between next month and next May at Mururoa atoll.

"Melanesian countries want to have a common stand on the French proposed resumption of nuclear tests in the Pacific before the South Pacific Forum meets next month", Yvon Basil a Vanuatu foreign ministry official told AFP.

The 15-nation forum — to which the Melanesian nations also belong — is to meet in Papua New Guinea.

"There have been some communications between (the Melanesian countries) on the subject, mainly through the forum secretariat", Basil said.

Other subjects listed on the agenda include a proposed scheme for duty-free trade among the members and cooperation in such areas as air and sea transport, banking and telecommunications.

The FLNKS and the anti-independence Rally for New Caledonia in the Republic party are to give the meeting reports on the situation in the French territory, according to the agenda.

To prepare for the meeting, the Vanuatu Government tarmaced the airstrip at Norsup, in northern Malekula, and renovated buildings and the water-supply system in nearby Lakatoro village at a total cost of about 850,000 US dollars.

Condemn French Test Plans

BK1508083995 Hong Kong AFP in English
0720 GMT 15 Aug 95

[FBIS Transcribed Text] Port Vila, Aug 15 (AFP) — Three Melanesian nations said Tuesday they would seek a commitment from France to compensate injuries and damage caused by its nuclear tests in the South Pacific.

The Melanesian Spearhead Group (MSG) — of which Vanuatu, Papua New Guinea and Solomon Islands are the principal members — condemned French plans for a new tests and recalled regional treaties for the protection of the environment in the South Pacific.

In a statement at the end of its annual meeting, the MSG called for the number of tests to be reduced from eight to "a minimum" but stressed its eagerness to engage in a "constructive dialogue" with the French Government.

The Melanesian countries said they wanted to set up a working group representing Melanesian, Polynesian and Micronesian states to take part in this dialogue with France.

They called on France to undertake to work with this group towards a programme of denuclearization which would include "scientific monitoring of the effects of nuclear tests" and "long-term commitment to compensate for injuries and/or damages caused by its nuclear test programme."

The MSG, set up in 1988, has accepted the Kanak Socialist National Liberation Front (FLNKS), the pro-independence political group in the French overseas territory of New Caledonia. Fiji now has observer status.

The Melanesian group said it would raise the statement — made, it said, on the initiative of Vanuatu's French-

speaking prime minister Maxime Carlot — at the 15-nation South Pacific Forum in Papua New Guinea next month.

The MSG held most of its sessions at Lakatoro village in the small northern island of Malekula.

Japan

Tokyo To Protest U.S. Disclosure of Auto Terms

OW1708001695 Tokyo KYODO in English
0010 GMT 17 Aug 95

[FBIS Transcribed Text] Washington, Aug. 16 KYODO — Japan will shortly make a protest to the office of the U.S. Trade Representative (USTR) against the unilateral disclosure by the USTR of the final text of a bilateral auto trade deal, a Japanese diplomatic source said Wednesday [16 August].

"It was a dishonor," the source said, referring to the release by the USTR on Tuesday of a background document summarizing the 30-page text completed over the weekend to finalize the June 28 auto trade accord in Geneva.

The USTR released the document without Japan's consent as the two nations were still making arrangements for announcing the text after formally signing it next Tuesday, according to the source.

The background document also outlines detailed voluntary purchasing plans by Japanese automakers, saying Japan is bound by "an enforceable set of commitments" to improve foreign access to its auto and auto parts markets.

Another Japanese diplomatic source said the USTR was trying to cement its interpretation of the text in favor of the U.S.

"The background explanation gives an incorrect impression that the Japanese Government has also guaranteed the enforcement of private-sector voluntary plans," he said.

JAL To Discuss U.S. Report on Service Quality

OW1608125495 Tokyo KYODO in English
1229 GMT 16 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 16 KYODO — Japan Airlines (JAL) said Wednesday [18 August] it plans to hold talks next week with the U.S. Federal Aviation Administration (FAA) over a WASHINGTON POST report on the allegedly below-standard quality of JAL's airplane servicing.

The POST reported that the FAA prohibited JAL on Wednesday from servicing U.S. planes after its inspections found that JAL's servicing facilities and work quality do not meet FAA safety standards.

"We are studying the facts. There appears to be some misunderstanding of the facts on the part of FAA," said a JAL spokesman, adding the airline will hold talks with the U.S. organization next week.

One of the shortcomings, the newspaper said, was that in carrying out repairs JAL recycles used components that should be scrapped.

But JAL countered that recycling is done in accordance with directions from makers that have been authorized by the FAA.

On another criticism that JAL uses a subcontractor not authorized by the FAA, the Japanese airline said it subcontracted with a service supplier selected according to its own screenings.

But JAL said it does not know whether the subcontractor has been authorized by the FAA.

The post said the FAA discovered the allegedly below-standard services by JAL in its facilities at Narita and Haneda airports in inspections conducted in early July.

JAL's service facilities were first authorized by the FAA in 1966.

JAL: FAA Decision Not To Affect Flights

OW1708045595 Tokyo KYODO in English
0353 GMT 17 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 17 KYODO — Japan Airlines (JAL) said Thursday [17 August] the U.S. Government's move to revoke its right to repair U.S.-registered aircraft will not affect flight schedules for airplanes concerned.

A JAL spokesman said the Japanese carrier has been denied by the Federal Aviation Administration (FAA) a renewal of its authority to do maintenance on U.S.-registered planes at new Tokyo international airport at Narita and Tokyo International Airport at Haneda.

The action would only deprive JAL of a right to issue a certificate on the completion of repair work while the carrier would be able to continue actual repair work, said the spokesman.

Officials of airlines affected — Singapore Airlines and Continental Micronesia, which have entrusted JAL with maintenance for their U.S.-registered planes — would be asked to come to Tokyo to write such certificates instead of JAL, the spokesman said.

The latest U.S. decision does not cover three U.S.-registered jumbo jets possessed by JAL, said the spokesman.

The spokesman said JAL will discuss the matter with the FAA next week.

According to reports, the FAA has decided to bar JAL from doing maintenance on U.S.-registered planes

because its facilities in past cases have performed unauthorized work on such planes.

U.S.-registered planes are often maintained and repaired by foreign facilities overseas where American carriers do not have repair stations. But the foreign facilities must use FAA-approved parts and meet repair standards set by the administration.

MITI Head on Economic Measures, U.S. Ties

*OW1708085395 Tokyo YOMIURI SHIMBUN
in Japanese 15 Aug 95 Morning Edition p 2*

[Interview with Japanese Minister of International Trade and Industry Ryutaro Hashimoto; place and date not given]

[FBIS Translated Text] [YOMIURI SHIMBUN] How are you going to deal with deflation and industrial stagnation?

[Hashimoto] The Ministry of International Trade and Industry [MITI] is preparing to draw up a scenario for reconstructing the Japanese economy. People are losing confidence in the Japanese economy. We may fall into the worst situation, in which the economy becomes stagnant for a long time and the actual standard of living drops, unless we do something about the economy. In order to prevent the worst from happening, we would like to draw up, by mid- September, a course for the Japanese economy in 2000.

[YOMIURI SHIMBUN] What is the main point of the reconstruction scenario?

[Hashimoto] We will promote competition by promoting further abolition or easing of regulations. Furthermore, we will form a nucleus of new industry for the future by having the government make bold investments in research and development.

[YOMIURI SHIMBUN] Can you explain in concrete terms the importance of deregulation?

[Hashimoto] For example, the foreign exchange rate clearly shows the effect of the measures that the Ministry of Finance announced for promotion of investment and financing abroad. What I want to say is that abolition and easing of regulations are effective. I will make (deregulation) proposals on some issues, even though they may be related to regulations of other ministries and agencies, if necessary for our economy.

[YOMIURI SHIMBUN] What do you expect of the Asia-Pacific Economic Cooperation (APEC) council meeting to be held in November?

[Hashimoto] As the host nation, Japan has a big responsibility. When I visited them in early August, the

leaders of Indonesia and the Philippines pointed out that "we need to make further efforts to coordinate opinions at the ministerial and top levels." Japan has to buckle down to that issue in a hurry.

[YOMIURI SHIMBUN] What is Japan, as a host nation for the APEC meeting, going to do about liberalizing trade and investment with the APEC region?

[Hashimoto] We do not want to make any exceptions. We want the APEC member nations to act in harmony by agreeing not to seek an exception. On the basis of this precondition, we will try to create an environment so that (the member nations and regions) can support the concept while taking care of each other.

[YOMIURI SHIMBUN] How are you going to deal with Japan-U.S. relations in the future?

[Hashimoto] Our ties with the United States are the most important of all relations. We will pay attention to bilateral discussions. Depending on the issue, we may try to settle disputes at the World Trade Organization (WTO). However, we will also value bilateral discussions highly.

[YOMIURI SHIMBUN] Have you not changed your pet idea for forming a dispute settlement mechanism to prevent friction between Japan and the United States?

[Hashimoto] Relations between companies will be smoother and the loss of money and time will be reduced considerably if the dispute settlement mechanism can be formed by the private sector. So far, we have been busy with various issues in particular areas, including autos and auto parts. However, we will start discussions on forming the mechanism.

MOFA To Prepare for Kono's Russian Visit

*OW1608115895 Tokyo TOKYO SHIMBUN
in Japanese 13 Aug 95 Morning Edition p 2*

[FBIS Translated Text] The Ministry of Foreign Affairs [MOFA] will begin full-scale preparations for an official visit to Russia by Deputy Prime Minister and Foreign Minister Yohei Kono in December or next January, with preparations for the panel session and working-level consultations on a Japan-Russia peace treaty scheduled to open in Moscow on 8 September as the start.

This will be the first official visit to Russia by a Japanese foreign minister since Tsutomu Hata, the then deputy prime minister and concurrently foreign minister, visited Russia in March 1994. Therefore, it is hoped that Kono's visit will become an opportunity to revitalize the stalemated bilateral ties.

It is observed that Japan-Russia foreign ministerial talks may be held in New York in late September and summit

talks are also possible in New York in late October. If these talks should be held as scheduled, they will play a significant role in creating favorable conditions for the foreign minister's visit to Russia.

The peace treaty panel meeting and working-level consultations set to open on 8 September will be the fifth round, the last one was held in Tokyo in December 1994. Attending these meetings from Russia will be Aleksandr Panov, vice foreign minister, and from Japan, Shunji Yanagii, deputy vice minister in charge of political affairs.

Taking advantage of the regular UN General Assembly [UNGA] session, the foreign ministerial talks will be held in September, and taking advantage of the special UNGA session to commemorate its 50th founding anniversary, the summit talks will be held in October. Since Russian President Boris Yeltsin, who has returned to work recently, will attend these meetings to show his good health to the international community, the first Japan-Russia summit talks under the Murayama administration will most likely be held in New York.

It is viewed that the timing for Kono's visit to Russia will become definite during these political dialogues. However, since the election for the Russian parliament is set for 17 December, there is a possibility that the foreign minister's Russia visit may be postponed until next January.

Chirac Writes to Murayama on Nuclear Testing

OW1708041095 Tokyo KYODO in English
0349 GMT 17 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 17 KYODO — French President Jacques Chirac has written to Prime Minister Tomiichi Murayama saying his country will carry out nuclear testing in the South Pacific as planned, Japanese government officials said Thursday [17 August].

In his letter, Chirac said France has never made a promise to halt nuclear testing until implementation of a comprehensive test ban treaty (CTBT), the officials said.

Chirac's letter is in response to a request made July 20 by then Chief Cabinet Secretary Kozo Igarashi to French Ambassador to Japan Jean-Bernard Ouvreu to halt nuclear testing at Mururoa Atoll from September to next May.

The French president also wrote in his letter to Murayama that he understands the Japanese people's feeling about nuclear tests in light of the 50th anniversary this year of the atomic bombing of Hiroshima and Nagasaki.

Foreign ministry officials said Japan will continue to urge France to rescind its decision on nuclear testing.

MITI To Seek Rescheduling of ASEAN Talks

OW1608162995 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 15 Aug 95 Morning Edition p 5

[FBIS Translated Text] It is now uncertain whether "Japan-ASEAN economic ministerial talks," in which ASEAN economic ministers and Japan's international trade and industry minister will discuss economic and industrial cooperation, will be held as scheduled. Since the talks (9-10 September) fall on the day of public notification to kick off the Liberal Democratic Party's presidential election campaign (10 September), it will make it difficult for Ryutaro Hashimoto, head of the Ministry of International Trade and Industry [MITI], to leave the country. MITI intends to request a change of schedule to set the talks for a different day. However, because this is a ministerial meeting to be held prior to the Asia-Pacific Economic Cooperation (APEC) forum in November, there are some concerns that postponing the talks may not be a wise choice.

ASEAN has invited Japan's MITI minister to its annual regional talks of economic ministers, and opinions have been exchanged on various subjects such as economic conditions and technological cooperation in Asia. Set to open in Brunei this year, the talks are expected to offer ministers a chance to discuss aid programs for Burma as well as the APEC summit in Osaka.

If Hashimoto is not able to attend, only ASEAN ministers will be seen at this special discussion arena. Although MITI wants to "reschedule the talks" (International Trade Policy Bureau), some people are concerned that once postponed, rearranging the schedule "to gather all participants may be difficult" because this is a meeting of ministerial-level officials.

Official: DPRK Yet To Request for Rice Aid

OW1608124695 Tokyo KYODO in English
1121 GMT 16 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 16 KYODO — The government has not yet received any firm request from North Korea for additional aid in rice, a senior Foreign Ministry official said Wednesday [18 August].

North Korea faxed a message Aug. 10 to governing coalition party members requesting the opening of talks on additional rice aid, but the official said the details of any meeting cannot be ironed out because the government has not been officially approached.

In the fax, Yi Chong-hyok, deputy head of North Korea's Asia-Pacific Peace Committee, expressed Py-

ongyang's gratitude for the 300,000 tons promised under a bilateral rice agreement in June, while urging a follow-up agreement on further supplies because of a continuing rice shortage in North Korea.

Commenting on a report in a South Korean monthly that Kim Yong-sun, a secretary of North Korea's ruling Workers' Party of Korea, has said Japan proposed the aid in rice as a form of apology, the official said he has to ask his real intention over the remark.

"Japan is giving the rice as emergency humanitarian aid and if they say that's not the case, then it becomes a question of what the taxpayers feel," the official said. "It will have to be clarified."

On Sunday, North Korea's Foreign Ministry released a memorandum urging Japan to make a "sincere apology" and pay compensation for its wartime aggression and 1910-1945 colonial rule of the Korean peninsula.

Nosaka Criticizes Alleged DPRK Rice Remarks

*OW1708060695 Tokyo KYODO in English
0542 GMT 17 Aug 95*

[FBIS Transcribed Text] Tottori, Japan, Aug. 17 KYODO — Chief Cabinet Secretary Koken Nosaka expressed displeasure Thursday [17 August] over reported remarks by a North Korean official that Japan has offered rice aid as a form of apology for its past deeds.

Nosaka, the top government spokesman, said in a press conference in Tottori, along the Sea of Japan coast, that if the remarks were really made, it would be a "grave matter that may develop into a political issue."

A South Korean monthly said Kim Yong-sun, a secretary of the Workers Party of Korea, made the remarks.

Nosaka told reporters he wants to confirm the truth through diplomatic channels, saying he cannot take the report at its face value without making sure.

Japan agreed in June to supply 300,000 tons of rice to North Korea to make up for a food shortage there.

Sources from Japan's tripartite ruling coalition said last week that North Korea hopes to get further rice supplies from Japan in addition to the 300,000 tons pledged and has asked the coalition to start bilateral negotiations as soon as possible.

The government has not received any request from North Korea for additional rice aid, a senior Foreign Ministry official said Wednesday.

On Sunday, North Korea's Foreign Ministry released a memorandum urging Japan to make a "sincere apology" and pay compensation for its wartime aggression and 1910-1945 colonial rule of the Korean peninsula.

ROK Pilots Participate in 'Stunt Flying'

*OW1608122195 Tokyo KYODO in English
1206 GMT 16 Aug 95*

[FBIS Transcribed Text] Tokyo, Aug. 16 KYODO — Two South Korean Air Force pilots joined in flying exercises of a Japan Air Self-Defense Force [ASDF] stunt flying team for the first time earlier this month, Defense Agency officials said Wednesday [16 August].

The two South Korean majors are members of a Korean air acrobatic team which was established in March this year, the officials said.

The newly established South Korean team requested that Japan's Air Self-Defense Force provide stunt flying training.

The two pilots flew for about an hour with the Air Self-Defense Force's popular "Blue Impulse" flight team at Matsushima Base in Miyagi Prefecture, northeastern Japan, on Aug. 9, the officials said.

The officials said the agency granted the opportunity to the military officers of the friendly nation in order to promote understanding of the Air Self-Defense Force.

The two pilots did not fly the training plane themselves but sat in the rear seats, they added.

Gen. Tetsuya Nishimoto, chairman of the Joint Staff Council of the Self-Defense Forces, visited Seoul in February this year and agreed with Korean military leaders to promote personnel exchanges.

Tokyo Weighs Protest of PRC Nuclear Test

*OW1708081895 Tokyo KYODO in English
0801 GMT 17 Aug 95*

[FBIS Transcribed Text] Tokyo, Aug. 17 KYODO — Japan expressed regret over China's latest nuclear test and suggested it may take some measures to protest the test.

Chief Cabinet Secretary Koken Nosaka released a statement expressing "extreme regret" over the fact that China again carried out such a test following one it conducted in May.

The top government spokesman criticized China for conducting the test after many nations agreed to take maximum restraint against nuclear testing when they reached an accord in May over indefinite extension of the nuclear Nonproliferation Treaty.

He also said the testing came as Hiroshima and Nagasaki marked the 50th anniversary of the atomic bombings and as the world observed the half century mark since the end of World War II earlier this month.

"We take it seriously that China conducted the test today despite Japan's repeated requests to halt nuclear testing. We strongly demand that China not carry out testing again," he said.

Nosaka stated that Japan will restrict financial assistance to China, saying the testing is also regrettable from the point of view of Japan's guideline conditions on its official development assistance.

Japan decided to reduce its grant-in-aid to China when the country conducted a nuclear test in May.

Foreign Minister Yohei Kono will summon Chinese ambassador to Japan Xu Dunxin on Thursday afternoon [17 August] to file a protest over the testing, the statement said.

Deputy Chief Cabinet Secretary Hiroyuki Sonoda read the comment on behalf of Nosaka, who is traveling in Tottori, along the Sea of Japan coast.

Sonoda told reporters that Japan must consider measures to protest China's nuclear test within the framework of grant-in-aid.

The main opposition Shinshinto (New Frontier Party) on Thursday asked the government to immediately and fully freeze official development assistance to China.

Shinshinto also called on all five major nuclear powers to hold an emergency summit meeting to stop further testing before countries sign a comprehensive nuclear test ban treaty.

The party expressed regret over the Chinese testing in a statement released by Takeo Nishioka from Shinshinto's shadow cabinet.

The Social Democratic Party (SDP) [of Japan, SDPJ], led by Prime Minister Tomiichi Murayama, released a statement protesting the nuclear test.

SDP Secretary General Wataru Kubo said in the statement that China's deed "squarely challenges international public opinion" against nuclear testing.

The party rapped Beijing for conducting the test at a time when a comprehensive nuclear test ban treaty is likely to be signed in the near future. China may seek a way to carry out small tests even after the pact is concluded, the document said.

The SDP called on Japan, which came under the world's first nuclear attacks 50 years ago, to protest nuclear testing by China and France in an effort to eliminate all such testing in the world.

The Liberal Democratic Party (LDP) called for a reconsideration of Japan's aid to China in view of the nuclear testing.

LDP Deputy Secretary General Takashi Kosugi gave a party statement to Kono, who is also head of the LDP, saying, "we should think twice about economic assistance to China."

The LDP statement said the party gravely regrets and seriously protests China's test, which was conducted despite Japan's repeated protests and a movement to eliminate nuclear weapons worldwide.

It accused China of trampling on the sincere wishes of all people who hope to see such weapons eliminated.

It also urged the government to make a similar protest and take appropriate measures.

Hiroshima Mayor Takashi Hiraoka called the testing a "betrayal of humanity" and urged Tokyo to take protest action.

"Representing the citizens of atomic-bombed Hiroshima, I strongly and angrily protest the testing," Hiraoka said in a statement.

He sent a message to Xu, saying the testing amid calls for eradication of nuclear arms is a "challenge" to the international arena and an "outrageous action."

Nagasaki Mayor Iccho Ito and the chairman of the Nagasaki Municipal Assembly also sent a message to the Chinese ambassador, saying the move was an "outrage" that aroused "strong indignation" among Nagasaki citizens.

Poll Reveals PRC, ROK Distrust of Nation

*OW1608123995 Tokyo ASAHI SHIMBUN
in Japanese 13 Aug 95 Morning Edition p 1*

[FBIS Translated Text] Last June, ASAHI SHIMBUN conducted a public-opinion survey on the theme of "Japan in its 50th year after the war as viewed from the Asian standpoint" in seven cities, including capitals, of six Asian countries such as China, the ROK, and Southeast Asian nations. The result shows that while 80 percent of the respondents in China and 60 percent in the ROK, both being neighboring nations, have indicated their strict view that the Japan of today "is not trusted by Asian countries," most respondents in the four Southeast Asian countries have indicated trust in Japan. Thus, it has become clear that the view of Japan cherished by our two neighboring countries is in contrast with that of the four Southeast Asian countries. At the same time, it has also become clear that all countries cherish strong expectations for Japan in promoting economic relations.

The survey was conducted from 10 to 25 June in the following seven cities: Beijing and Shanghai in China; Seoul in the ROK; Bangkok in Thailand; Manila in the Philippines; Singapore; and Jakarta in Indonesia.

Regarding the Japan of today in its 50th year after the end of World War II, those who believe that "Japan has become a country that is trusted by Asian countries" account for 85 percent of respondents in Jakarta, 79 percent in Bangkok, 62 percent in Singapore, and 55 percent in Manila.

On the contrary, those who believe that "Japan has not become a country that can be trusted" account for 85 percent and 79 percent of respondents in Beijing and Shanghai, respectively, and 61 percent in Seoul. Thus, the result indicates that in contrast to the Southeast Asian nations' high trust in Japan, both China and the ROK share a strict view toward Japan.

Moreover, concerning Japan's cooperation with various countries in promoting their development, 88 percent of respondents in Jakarta believe that "Japan has provided its cooperation," and 70 percent in Bangkok, Manila, and Singapore speak highly of Japan's cooperation. On the other hand, those who stated negatively that "Japan has failed to provide cooperation" account for 66 percent of respondents in Seoul and 57 percent in Beijing.

With regard to Japan's compensation for the last war, those who maintain that "Japan has not made compensation" account for 92 percent of respondents in Seoul, over 70 percent in both Beijing and Shanghai, and 55 percent in Singapore, among the Southeast Asian countries.

It can be observed that such an evaluation of the Japan of today in its trustworthiness reflects such factors as Japan's cooperation in promoting post-war development and Japan's compensation for the last war.

MITI Drafting New Export Control Plans

*OW1708102995 Tokyo YOMIURI SHIMBUN
in Japanese 12 Aug 95 Morning Edition p 7*

[FBIS Translated Text] The Ministry of International Trade and Industry [MITI] is currently drawing up a plan for a new export control system that uses KNOW [expansion unknown] regulations in a bid to prevent proliferation of weapons of mass destruction. According to details of the plan disclosed on 11 August, the new system will control exports of 70 designated types of machinery and machinery parts that could be diverted to produce nuclear, biological, or chemical weapons. Under this system, companies that export machine tools knowing that they could be diverted to military purposes will be penalized. The system requires firms to exercise stricter self-management. The United States and European countries have already adopted the KNOW regulations, which are considered one of the key weapons control instruments in the post-Cold War era. Japan is also preparing to adopt the regulations. MITI

intends to revise government and ministry ordinances and enforce the restrictions beginning in FY96.

Nuclear, chemical, and other weapons of mass destruction themselves are placed under the control of the Nuclear Nonproliferation Treaty. But related products and machinery that can be diverted to military purposes are not controlled by the treaty, except for some high-quality processing machinery.

Since the end of the Cold War, regional and ethnic conflicts have intensified, and general-purpose chemical products have been used to produce chemical weapons in the Middle East. Also, with the spread of high technology and biotechnology, it has become easier to divert general-use industrial products to weapons manufacturing. Thus, there is a growing voice urging Japan to adopt the KNOW regulations. The United States, Britain, and Germany have already established their own KNOW restrictions. Japan, which produces many high-tech products that could be diverted to military purposes, has been urged to adopt the regulations.

MITI's plan notes that once companies know their products and technology can be diverted to the production of nuclear and other weapons, their products will immediately become subject to the KNOW regulations. If they export such products and technology without permission, they will be penalized.

Under the KNOW regulations, companies themselves must directly check written contracts and related documents to determine whether their products can be diverted to military purposes.

The restrictions will also control exports to private companies that have no direct relationship to military production. Specifically, the KNOW regulations will control about 70 items, including computer-controlled machine tools; X-ray equipment; machines for vibration, wind-tunnel, and impact tests; equipment for distillation and incineration used in chemical production; detectors of substances in the air; centrifugal separators employed in making bacterial medicine; freeze-drying machines; protective clothing; and integrated circuits for rockets.

At present, companies can export computer-controlled machine tools, except for high-quality ones, even if they know that the products can be diverted to military purposes. But once the KNOW regulations are adopted, they will not be allowed to export even low-quality products without permission if they know that the products can be diverted to military purposes.

The restrictions will cover "all countries and regions in the world," but will be less severe for about 20 countries, including the United States and European countries.

The KNOW restrictions were adopted by the United States, Britain, and Germany in 1991. The European Union (EU) established unified regulations and began enforcing them in July. Other countries, including Australia and Canada, are also considering adopting the regulations.

Minister Hashimoto To Push for Deregulation

OW1708103995 Tokyo TOKYO SHIMBUN
in Japanese 12 Aug 95 Morning Edition p 2

[Interview with International Trade and Industry Minister Ryutaro Hashimoto by reporter Tatsuo Kusano; place and date not given]

[FBIS Translated Text] [Kusano] How are you going to promote the relaxation of regulations?

[Hashimoto] The government has relaxed or abolished a set of regulations as measures to promote Japanese investment overseas. The yen-dollar exchange rate is very clearly showing the effect. The yen's exchange rate against the dollar has so far remained higher than its real value. The yen-dollar exchange rate has reached the level of 90 yen per dollar. The relaxation and abolition of regulations have generated a certain effect, and I intend to push for deregulation in the future. My ministry will announce a "scenario for the rebuilding of Japan's economy" in September, and I hope other ministries will make their own proposals to become part of the scenario. I will seek to relax regulations under the Commercial Law and the Antimonopoly Law. I also will seek to resolve the issue of special stock companies. I want to put the stock option on the agenda for discussion by cabinet members.

[Kusano] At the Osaka meeting of the Asia-Pacific Economic Cooperation [APEC] forum, Japan will propose an "initial action" for liberalization as a step to be taken immediately. Would you give details of the initial action?

[Hashimoto] Some other APEC members have been arguing for aggressive measures to liberate trade in the region while announcing their own plans. But Japan has been politically late in unveiling liberalization measures due to the recent upper house election. As the nation to host the Osaka APEC meeting, Japan will hasten a study of proposals for the liberalization.

[Kusano] Are you considering establishing a dispute settlement body between Japan and the United States?

[Hashimoto] For Japan, the United States is the most important nation, and there is no change in this view. The two nations have to hold discussions freely as a matter of principle. For a long time, I have spoken of the need for the two countries to hold a policy dialogue,

but my proposal has gone unaccepted both in Tokyo and Washington. The United States had chosen to stick to its demands on automobiles and auto parts after refusing to accept my proposal. If the private sectors of both nations agree to create a dispute settlement mechanism, this would pave the way for Japanese and U.S. businessmen to maintain smooth relations. I want to extend a helping hand in creating such a dispute settlement mechanism if the mechanism is considered effective.

Hashimoto Vows Efforts To Prevent Deflation

OW1608115095 Tokyo ASAHI SHIMBUN NEWS
CONFERENCE REPORT in Japanese
0441 GMT 15 Aug 95

[News conference by International Trade and Industry Minister Ryutaro Hashimoto with unidentified reporters at the press room of the Ministry of International Trade and Industry in Tokyo at 0130- 0149 GMT on 15 August]

[FBIS Translated Excerpt] [passage omitted] [Reporter] Japan was hit by severe inflation immediately after the war. It is now facing the first postwar deflation. As the international trade and industry minister, could you state your impressions of the past 50 years?

[Hashimoto] Excuse me, but I think you all do not know much about how things were immediately after the war's end. So, you may not understand what I am saying. When I was a schoolboy, playing dump [a card game] and spinning tops were popular among evacuated children. A large pasteboard dump cost five sen [an old Japanese monetary unit; one-one hundredth of a yen]. A small one cost a sen or two sen, and one with a complicated design was two sen. When we returned home from the place of refuge after the war ended, we found that the sen had been replaced with the yen, a new monetary unit, which was quite a shock to me. I was not good at playing dump, so I was often beaten. Because the price of a dump card suddenly went up to 10 yen, I became unable to buy them. At that time, my father was serving his first or maybe second term as the head of a Finance Ministry division. But I could not afford to buy dump cards, and I thought it was quite natural.

My school was damaged from air raids. On rainy days, it was closed due to leaks. Because of the lack of classrooms, half the pupils were asked to attend school in the morning and the other half in the afternoon, and the shift change was made every other week or every third week. Sometimes when I got home, my mother was not there. She was visiting farmers to swap her bridal gifts for food. But I did not know why she was not home. So I climbed up to the roof and cried because

I could not enter the house. Mere child that I was, I remember how horrible the inflation was. But deflation is quite different.

Although you just said that Japan is now facing deflation, my understanding is that the nation is facing the danger of deflation. We should prevent deflation. We should really stop it. I think the crucial moment will come in the future. There are many examples of the horrors of deflation in the world. We have to do our utmost to check deflation. We have strived for this, but we need further efforts. Our task is to create an era wherein an appropriate economic growth is possible, and to put the Japanese economy on the right path by all means. [passage omitted]

Officials View Economic, Political Situations

OW1608125195

[FBIS Editorial Report] Tokyo NHK General Television Network in Japanese at 0000 GMT on 13 August in its "Sunday Discussion" program carries a 60-minute roundtable discussion involving Hiroshi Mitsuzuka, secretary general of the Liberal Democratic Party (LDP); Takeshi Noda, acting secretary general of the New Frontier Party; Wataru Kubo, secretary general of the Social Democratic Party of Japan (SDPJ); Yukio Hatoyama, representative secretary general of Sakigake (Harbinger); and Kazuo Shii, chief secretary of the Japanese Communist Party.

The discussion is moderated by NHK commentator Takashi Yamamoto.

Yamamoto begins the discussion by asking Mitsuzuka to comment on the purpose of the recent cabinet reshuffle. Mitsuzuka says that it was, in a way, a measure to fight the economic recession by assigning the right man to the right place. On the same question, Noda says that following the setback the three ruling parties suffered in the recent upper house elections, the Murayama cabinet should have been dissolved for good. He continues to criticize the Murayama administration, saying: "Mr. Murayama was talking about economic measures. But I think what he said was a lie because he could have promoted economic measures before the elections if he were serious about it." Therefore, he concludes that "it was not a cabinet reshuffle for the promotion of economic measures."

Asked how he would respond to Noda's remarks, Kubo says that no party won the elections to take power, and that "people will assess the cabinet reshuffle depending on what the Murayama administration achieves." Shii says that the reshuffle was made out of the party's interests and half of the new cabinet members are

hawks, who believe that Japan fought World War II to protect self-esteem and for self-defense.

Asked if factions within the LDP are gaining power, Mitsuzuka says all party factions were dissolved and there is no factional struggle.

Going back to the issue of economic recovery, Yamamoto asks Noda what kind economic measures the government should incorporate in the supplementary budget. Noda says "The timing and scale of supplementary budget are important." He says: "Everybody knows there is a limit to measures that rely only on public works projects." He points out the need to promote economic reform while attaching important to activation of the stock market and domestic demand.

On the issue of revising the current tax to activate the economy, the ruling party members call for the reduction of land taxes. But Shii says that measures to activate the economy by lowering the land tax will create another bubble economy. He explains an urgent need to boost domestic demand by scrapping the consumption tax. Mitsuzuka says that the three ruling parties will ask the government to hold an emergency Diet session as soon as possible to map out economic measures for the second supplementary budget. He continues to say that the expected economic growth, which is two percent, can be realized if the government compiles a Y15 trillion-scale supplementary budget.

Regarding the bad loans issue, Kubo says the Diet should investigate troubled financial institutions if public funds are to be used for their rescue. Noda, who is former bureaucrat of the Finance Ministry, agrees that it is necessary to clarify who is to blame for the bad loans before spending tax payers' money on them.

Going back to the issue of the LDP presidential election, Mitsuzuka rules out the possibility of choosing the next LDP president through discussions. Asked if he will support Kono in the LDP presidential election, Mitsuzuka refuses to clarify his stand, saying: "I am a secretary general, who is in charge of controlling the overall situation, and we formed an election management committee from the standpoint of fairness and neutrality."

On the SDPJ's party convention, slated to be held on 21 September, Yamamoto asks Kubo if the issue of forming a new party will be discussed at that time. Kubo says: "I think there is a consensus in the party that a new party should be formed before the next general elections. Therefore, things will move toward that direction."

Hatoyama is asked if Sakigake will merge with the SDPJ. Hatoyama says: "No, it will not. We are not thinking about such a thing." "I was briefed by our party representative, Takemura, on the outcome of the

Takemura-Murayama talks, and as far as I know, there is no agreement to form a new party with the SDFJ."

On holding general elections, Mitsuzuka says that the current economy does not allow the government to hold general elections now. He rules out the possibility of dissolving the lower house for general elections this year, saying: "We, as supporters of the Murayama administration, should not think about dissolution. We should do our best to answer the people's expectations."

The discussion ends at 0100 GMT.

Banks Decline Takeover of Cosmo Operations

*OW1608152095 Tokyo KYODO in English
1456 GMT 16 Aug 95*

[FBIS Transcribed Text] Tokyo, Aug. 16 KYODO — Fuji Bank and Dai-Ichi Kangyo Bank have declined a request by the Tokyo Metropolitan Government to take over the business of the virtually Bankrupt Cosmo Credit Corp., local government sources said Wednesday [16 August].

The Tokyo Metropolitan Government, which supervises credit unions in Tokyo, will continue efforts to persuade one or other of the two banks to do so, the sources said.

But they said such efforts are unlikely to succeed.

Both banks maintain there is no merit in taking over Cosmo's operations and thus it would be difficult to gain their stockholders' understanding, the sources said.

They said the publicly funded Tokyo Kyodou Bank will eventually be the one to assume Cosmo's operations.

Cosmo, the largest credit union in Tokyo, was ordered to suspend operations July 31, following a run by depositors reacting to news reports that the credit union was in crisis with massive nonperforming loans.

The Tokyo Metropolitan Government, together with the Ministry of Finance and the Bank of Japan (BOJ), crafted a scheme to liquidate Cosmo's bad loans through special loans from the central bank and a grant from the national deposit insurance system, while asking Cosmo creditors to drop all or part of their claims.

Cosmo itself would then be disposed of, with its operations to be taken over by a bank, according to the scheme.

The Tokyo government sounded out Fuji and Dai-Ichi Kangyo on becoming the successor to the Cosmo operation, the sources said.

Fuji in particular was seen as a strong candidate, the sources said, because it has well established credibility — likely to make Cosmo depositors feel easy about their

deposits — and because its own operational base is in Tokyo.

With the rejections from the two banks, the Tokyo government may make a similar request to the Tokyo Society of Credit Cooperatives. But it, too, may decline the request, the sources added.

Tokyo Kyodou Bank is the last choice for the Tokyo government, the sources said, because of the complications in the situation.

Tokyo Kyodou Bank was established earlier this year with funds from the BOJ and a donation from the government-backed Deposit Insurance Corp., to dispose of two other Tokyo credit unions whose businesses failed due to scandal involving their top managers.

Tokyo Kyodou Bank later came under fire for using taxpayers' money in disposing of the failed credit unions' bad loans.

New Tokyo Gov. Yukio Aoshima froze a low-interest loan requested as part of the bailout scheme for the two credit unions.

In Cosmo's case, Aoshima argued that the nature of the business failure was somewhat different from the other two credit unions and that financial help was necessary to maintain the credibility of the financial system.

DA To Replace 'Hawk' With Domestic SAM's

*OW1708074895 Tokyo YOMIURI SHIMBUN
in Japanese 15 Aug 95 Morning Edition p 1*

[FBIS Translated Text] The Defense Agency [DA] decided on 14 August to manufacture new medium-range missiles at home to replace the surface-to-air "Hawk" missiles now in the possession of the Ground Self-Defense Force [GSDF], so as to strengthen Japan's air defense system. The decision to develop highly sophisticated missiles, capable of intercepting cruise missiles, also aims at reducing the the number of GSDF personnel. The project is scheduled to start in the next fiscal year, with the DA's Technical Research and Development Institute playing the major role.

Once this new missile is developed, its capabilities are expected to exceed those of the "improved Patriot missiles," now rated the highest among existing surface-to-air missiles [SAM's]. The huge development cost, estimated at 128.4 billion yen, will be allocated over a seven-year period.

The GSDF introduced U.S.-made surface-to-air "Hawk" missiles in 1978, to counter invading aircraft, and deployed them to Anti-Aircraft Artillery Groups stationed in eight localities throughout the country, including Matsudo City in Chiba Prefecture and Hachinohe City in

Aomori Prefecture. The Hawk missiles have become obsolete as the capabilities of aircraft have been upgraded. Therefore, the DA has tried to improve the Hawk five times. However, concluding that the capabilities of Hawk missiles have reached their limit, the DA has decided to develop a new type of missile to be deployed to units beginning in 2003.

The new missiles are capable of shooting down cruise missiles as well as aircraft approaching at very low altitudes. In addition, to make the new missile more suitable for operation in Japan's complex topography, it will be designed so that it can also be launched in areas that have many valleys and mountains and so are outside the visual range of normal radar. Moreover, to meet the need to reduce the number of GSDF personnel, the new missile has another feature: both the radar and the launching device will be so simplified that the GSDF will have to use only half the personnel now needed for launching missiles.

Murayama Sends WWII Apology Letters Abroad

*OW1608133395 Tokyo KYODO in English
1317 GMT 16 Aug 95*

[FBIS Transcribed Text] Tokyo, Aug. 16 KYODO — Prime Minister Tomiichi Murayama on Tuesday [15 August] sent letters summarizing his statement on World War II, in which he apologized for Japan's aggression on other countries, to the leaders of the United States, Britain, China and South Korea, the Foreign Ministry said Wednesday.

The letters were sent to U.S. President Bill Clinton, British Prime Minister John Major, Chinese Premier Li Peng and South Korean President Kim Yong-sam, the ministry said.

In the letters, Murayama introduced the statement, issued on the 50th anniversary of the end of the war, and pledged his efforts to develop friendly relations with the four countries, the officials said.

In Seoul, Kim said Wednesday that although he was not completely satisfied with the content of the statement, it was "much more progressive" than those issued by previous Japanese prime ministers.

He was quoted by YONHAP NEWS AGENCY as saying Murayama is the first Japanese premier who had sent a letter, in connection with Japan's apology for its past, to a South Korean president.

In the statement, read out by Murayama at a Tuesday press conference, he said Japan "caused tremendous damage and suffering to the people of many countries, particularly to those of Asian nations" through its "colonial rule and aggression."

MOFA, MAFF at Odds on Tariff Cuts

*OW1608115995 Tokyo YOMIURI SHIMBUN
in Japanese 12 Aug 95 Morning Edition p 7*

[FBIS Translated Text] In preparation for the Asia-Pacific Economic Cooperation (APEC) forum scheduled for Osaka in November, the Ministry of Foreign Affairs [MOFA] has been urging the Ministry of Agriculture, Forestry and Fisheries [MAFF] to move up the start of a tariff cut on tropical products, such as bananas, as was agreed at the Uruguay Round (multilateral trade talks). The MAFF is strongly opposed to MOFA's request, claiming that "special consideration should be given to agriculture." Bureaucrats at Kasumigaseki [Tokyo government district] are now engaged, as usual, in another hot dispute under the sizzling summer sun.

Trying to bring Japan's leadership as the host nation into full play, the MOFA intends to include concrete plans for liberalizing trade and investment in various fields, such as agriculture, in the "action program" to be adopted at the upcoming APEC meeting in Osaka. Tropical products have been particularly listed in the plan for agriculture because Southeast Asian nations have great interest in this program, and it will probably have little impact on domestic agriculture. In this connection, MOFA speculates that "the MAFF will somehow agree to the request."

In response, the MAFF plans to persist in rejecting the MOFA's request, maintaining that "there is no room for moving up the start of the tariff cut," (as stated by a senior MAFF official). MAFF claims that almost all tropical agricultural products are treated as items eligible for preferential tariffs at a low rate, specially set for certain designated nations; that the tariff cut has been launched this year as a bloc, but not in stages; and that the phased tariff cut has been launched for only a certain number of products, including south sea plywood. Moreover, a MAFF source points out: "Even for the purpose of promoting forestry conservation at home, no approval can be given to the request to move up the start of the tariff cut on south sea plywood. Aside from this item, only a few number of items have been imported. Therefore, the tariff cut would be of almost no benefit to exporting countries." In refutation, the source also adds: "If only Southeast Asian nations can enjoy such benefits, other countries, such as the United States, will oppose this plan." Thus, it seems that at its very start, the reshuffled Murayama cabinet is faced with various perplexing problems, including those connected with the APEC forum.

SDPJ's Kubo Discusses New Party Formation

OW1708042995 Tokyo MAINICHI SHIMBUN
in Japanese 12 Aug 95 Morning Edition p 2

[Interview with Wataru Kubo, secretary general of the Social Democratic Party of Japan, by unidentified MAINICHI SHIMBUN reporter on 10 August; place not given]

[FBIS Translated Text] The following is SDPJ [Social Democratic Party of Japan] Secretary General Wataru Kubo's statements on the formation of a new party during a MAINICHI SHIMBUN interview on 10 August.

[Reporter] Why are you in such a hurry to form a new party?

[Kubo] In the last House of Councillors' election, the people clearly indicated that if a new party is not formed, the only option (for the SDPJ) is to vanish. In single-seat constituencies, the SDPJ has no chance of winning in a battle over one seat against the Liberal Democratic Party and the New Frontier Party. We must build a new party capable of attracting support from more than 10 million people and create a new political force to replace the current administration, even at the cost of disbanding the SDPJ.

[Reporter] How do you plan to do that?

[Kubo] An advisory group on the formation of the new party will soon work out a draft plan on ideology and policies of this party. We will form another group to encourage people to join our movement.

[Reporter] Do you intend to seek support within this month?

[Kubo] I would like to do so, if possible.

[Reporter] Are former Hokkaido Governor Takahiro Yokomichi, Sakigake Acting Chairman Yukio Hatoyama, and House of Representatives dietman Banri Kaieda major members of the advisory group?

[Kubo] Mr. Yokomichi and those people formed their own group and have been holding nationwide symposiums. Their objective is not exactly identical to ours. However, it is good to note that efforts are being made by various groups to form new parties of various types. The SPDJ will make its own efforts through the political circles in Tokyo.

[Reporter] What will be the new party's relationship with the Murayama administration?

[Kubo] Prime Minister Murayama is not opposed to the concept of forming a new party. However, in his position as the prime minister of the coalition government, Mr. Murayama probably has a strong

feeling that "it will not do to form a new party that will result in the disbanding of the SPDJ." Generally speaking, if the SDPJ is dissolved for the formation of the new party, the prime minister can no longer be the prime minister under the parliamentary democracy. I think Mr. Murayama understands that his mission will come to an end if the new party is born and accelerates the generation change in the political world.

[Reporter] When will the new party be formed?

[Kubo] Before the next general election so as to give ourselves enough time to field candidates.

[Reporter] Do you intend to set the direction of the new party and decide on the dissolution of the SDPJ at the extraordinary party convention?

[Kubo] If possible, (I would like to do so).

[Reporter] Did you decline an offer of a cabinet post in order to form the new party?

[Kubo] Mr. Murayama said to me, "Will you help me as a minister while I am still able to make this offer?" The point is that I did not decline his request because of the self-conceit that I myself must do something.

Hashimoto Begins Campaign for Party Election

OW1608131395 Tokyo KYODO in English
1006 GMT 16 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 16 KYODO — International Trade and Industry Minister Ryutaro Hashimoto of the Liberal Democratic Party (LDP) on Wednesday [18 August] started his campaign for the party presidential election in September, LDP officials said.

Hashimoto met LDP Vice President Keizo Obuchi, who previously headed a party faction, to seek his support in the Sept. 22 election.

Obuchi later agreed with Seiroku Kajiyama, formerly a senior member of the Obuchi faction, that they would try to rally support for Hashimoto, the officials said.

Hashimoto told Obuchi that he would start meeting key party members to seek their backing in the election, which is expected to be a showdown between Hashimoto and LDP president Yohei Kono, who is foreign minister, they said.

Obuchi told Hashimoto he has agreed with LDP Secretary General Hiroshi Mitsuzuka not to become an official recommender of any candidate but added he will nevertheless support Hashimoto in the election, according to the officials.

Kono recently made his principal supporter Mitsuzuka party secretary general to consolidate his power base within the party.

Hashimoto plans to hold a press conference at the party headquarters to make an official announcement of his candidacy, but the date for the press conference has not been set.

Obuchi suggested it should be either Sept. 1 or 4 after Hashimoto's visit to Australia for bilateral ministerial meetings and the Aug. 31 deadline for budget requests by ministries and agencies for the next fiscal year, they said.

LDP's Koizumi Views 'Post-Murayama' Situation

952B0204A Tokyo SANDE MAINICHI in Japanese
9 Jul 95 pp 43-45

[Remarks by former Posts and Telecommunications Minister Junichiro Koizumi, an outspoken politician, in an interview conducted and compiled by Isami Hirono and Yoshimitsu Shirokura, SANDE MAINICHI reporters, under the title: "Let Us Have an Honest Talk on 'Post-Murayama' Situations"]

[FBIS Translated Text] "YKK" is a trio leading "Group Shinseiki," a policy group formed by middle-standing young Liberal Democratic Party [LDP] members. The trio is said to hold a key to new political restructuring while accelerating a shift in generation within the party. [Y of the trio stands for the LDP's Diet Affairs Committee Chairman Taku Yamasaki, K for former Posts and Telecommunications Minister Junichiro Koizumi, and the other K for the party's Policy Affairs Research Council Chairman Koichi Kato.] Former Posts and Telecommunications Minister Junichiro Koizumi, one of the trio, made the following remarks, pressed to give his honest views in the face of turbulent political situations.

Significance of Murayama Government

When the coalition government of the three parties was formed, it was criticized as a regime made through an unprincipled union. People also said that the Murayama cabinet would break down soon. However, if it is a regime made through an unprincipled union, the Hosokawa and Hata regimes are the most striking examples, are they not? We can say this because joining hands in these regimes were former Shinseito [the Japan Renewal Party], which took over the bad side of the LDP's structural quality, and the SDPJ [Social Democratic Party of Japan]. Those days, experiencing illusions, the mass media were inclined to think that such a move could not be considered an unprincipled

union if it were only "anti-LDP." They were intoxicated with the word "anti-LDP."

Seeing the SDPJ teaming up with former Shinseito though only for a temporary while, we the LDP thought that the SDPJ then might be able to team up with the LDP as well. This notion touched off the formation of the LDP-SDPJ-Sakigake (Harbinger) coalition.

And the SDPJ has carried out bolder policy shifts than the Hosokawa regime on such issues as Japanese-U.S. security arrangements and the Self-Defense Forces. The foremost reason for the continued existence of the coalition government is that the SDPJ gave its approval to raising the consumption tax rate by 5 percent. In the previous upper house election, the SDPJ had called for abolishing the consumption tax. Therefore, we did not expect it to agree to raising the rate. We thought that the coalition government would eventually collapse. However, the SDPJ agreed to raising the consumption tax rate as its general position. It thus effected a great turnabout in financial policies. This is the real reason for the continued existence of the coalition government up to the present.

And the budget and various bills, too, have passed without any trouble, and the Murayama cabinet believes that it has achieved greater results than expected. This is my appraisal at this point of time. Nevertheless, I do not think that the present status is good enough to be left as it is. The cabinet's initial role and mission have certainly been accomplished. Hereafter, there should be what we may call a new start, that is, unless the Murayama cabinet further displays its readiness to widen activities externally, I think that the cabinet will find it considerably difficult to acquire flottage.

Those Uncommitted to Specific Parties and Political Distrust

It is not unnatural that people uncommitted to specific political parties should be increasing in number. I think that when one takes a look at the preset political moves, one will consider it natural that few people have a sense of belonging or loyalty to political parties. On the whole, the parties, on very many occasions, breach what they have said or promised publicly during their previous election campaigns in a complete about-face. Such being the case, it is natural that the people should not trust the parties and give up hopes in them. In the face of constant realignments, unions, and separations of the political parties, the people wonder what those parties are doing. I think it natural that the people should distance themselves from the political parties. This is not a bad thing at all.

An analysis of the Tokyo Metropolitan gubernatorial election indicates that those uncommitted to specific political parties are not in the least indifferent to politics. Moreover, the support for Metropolitan Governor Aoshima is further increasing because he has exactly fulfilled his campaign pledge to halt the Municipal Expo program. I would like to repeat that it is not a bad thing for the people to focus their attention on the importance of public pledges and politicians' qualities.

Now, the new-party boom has come to a pause. Various new parties emerged, disappeared, and merged, but I think that the new-party boom has now cooled off. The word "new" no longer enchants the people. The so-called new-party popularity thus far has been nothing but the popularity of an "anti-LDP" position. In fact, the people have now become aware that the LDP-SDPJ-Sakigake coalition regime and a new party claiming to stand for the anti-LDP cause are, after all, similar to each other in substance. When things develop this way, the people no longer take the new party at face value even if the party adds the word "new" to its name. Under these circumstances, I feel that it would be quite difficult for the LDP to attract people uncommitted to specific parties.

However, the LDP has many capable members. The LDP also has many reservists who intend to join the party. In the past, the LDP did some odd things as well, but after experiencing all this confusion, a feeling might now be emerging among the people that it would be good to entrust things to a party which is a little stable. I believe that the "anti-LDP" wind has also weakened, compared with a while ago. Yet it is also true that the atmosphere has not yet matured enough so that the LDP can take charge of the government alone.

Time for Diet Dissolution and General Election

After the upper house election, I think that the situation will be such that it will not be strange to hold the lower house election any time. The new system has been enforced, and there have been three prime ministers since the previous general election. I think it is a matter of course that a voice arises calling on politicians to get the people's judgment expeditiously and restructure the political world once more. In short, whenever the Diet is dissolved, the people will not complain about it.

In my view, an "August dissolution" is also a possibility. The timing is now up to the judgment by Prime Minister Murayama. Therefore, there is no doubt that, when the upper house election ends, the political arena will turn into a "pauseless battleground" toward the Diet dissolution.

What Will Post-Murayama Situations Be Like?

What will become of the Murayama cabinet after the upper house election? This now hangs on whether the prime minister has any get-up-and-go or not. In the eventuality that the SDPJ suffers a defeat, a claim that Prime Minister Murayama is responsible may be put forward within the SDPJ, but no voice saying, "Prime Minister Murayama, you should step down" will be raised from the LDP and Sakigake. If the prime minister only has and shows any get-up-and-go, the LDP will keep supporting him.

At present, only a few members are saying that "Prime Minister Murayama should resign" within the LDP. As for the SDPJ, clearly speaking, its "pockmarks looked like dimples" to the eye of the LDP in the initial stage when the coalition government was formed. We have thus far seen only good portions about the SDPJ. However, after one year, we now know that "pockmarks are pockmarks" after all. The two parties have begun pointing out mutual drawbacks. But such drawbacks are what they already knew before they joined hands. To my eye, those drawbacks really matter nothing.

If the prime minister should be replaced, the matter should be discussed after the general election is held and the LDP becomes the leading party. It is not a very good idea to replace the prime minister again without getting the people's judgment.

What Courses Will Party Presidential Election and Political Restructuring Take?

For the time being, a simple and distinct depiction is impossible in this regard. During the past two years, the LDP had experience as an opposition party, and the SDPJ as a ruling party. It may be said that differences among all political parties except the Japan Communist Party have now disappeared. Under these conditions, any combination is possible. Shinshinto [the New Frontier Party] is now an opposition party, and its former Shinseito elements and others who were once LDP members must be feeling the sorrow of having left power, but in fact their party is not much different from the LDP in terms of policy as well. It is a little farfetched to think that their party should stand against the LDP in policies simply because theirs is an opposition party.

Originally, the LDP's disruption was touched off by the split of former Keiseikai [the Takeshita faction] which had taken pride in its overwhelming power within the party. With an eye to establishing cooperation among the former Mitsuzuka, Miyazawa, and Watanabe factions in order to stand against this former Keiseikai, YKK was born, which is a generic name of Diet Affairs Committee Chairman Taku Yamasaki, the Policy

Affairs Research Council Chairman Koichi Kato, and myself. There was a time when former Keiseikai members formed a resistance movement against YKK's solidarity, but after its split, Keiseikai itself became a minority force within the party.

And conservative-oriented elements have now been divided into the LDP and Shinshinto. Referring to the way the power game has proceeded in the past two years, those who won the SDPJ to their side seized power. A new tendency has appeared within both the LDP and Shinshinto to stop competing to win the SDPJ to their sides. As a consequence, there has appeared an opinion that a conservative-conservative coalition should be formed between the LDP members and Shinshinto's former Keiseikai members and another opinion that both the LDP and Shinshinto should disrupt themselves and reorganize to make two new big parties.

Neither of the opinions has a firm ground. They are still vague opinions.

In this connection, in the past 20-odd years the former Keiseikai has never experienced any lower or upper house election without holding the post of party president or secretary general. Therefore, some of the former Keiseikai members are now feeling, "we just cannot have things our own way." They are irritated. As a result, some former Keiseikai members within Shinshinto began a move to return to the LDP, but they appear to have eventually retracted their move in the face of opposition by our YKK and others.

"New Conservative-Conservative Coalition"

Former Economic Planning Agency Director General Hajime Funada of Shinshinto is exchanging views with us regarding his criticism of Secretary General Ichiro Ozawa and his advocacy of the "Prime Minister Public Election Theory." This has caused people to suspect that Mr. Funada and YKK might be making preparations for a "new conservative-conservative coalition." However, whatever may be the case in the future, Mr. Funada was once with us in the same LDP, and we think it important to keep exchanging views with various groups. It is not that we have an outlook that requires us to act right now; however, what I mean to say is that, as long as the current ruling and opposition parties are not expected to drop anchor, we will be prepared to act according to circumstances so that we can meet whatever "political changes" take place in the future.

In addition, whenever we make a move, the mass media look on it with a biased eye. If YKK meets with LDP President Kono, they call it a move for the "support of Kono." When we meet with LDP Vice President Keizo Obuchi, they regard it as a move for the "support of the

former Obuchi faction." They are too shortsighted. Even if we meet President Kono, that does not particularly mean that we are plotting to alienate the former Obuchi faction (laughter).

At any rate, the party presidential election is to be held in September. We cannot tell what will happen until the upper house election ends. As for YKK, speaking honestly, it still has a clean slate in its view of the post-Murayama situations and in its position toward the party presidential election. We are thinking of figuring out the best path for the LDP and of continuing to stand together solidly. There might be some discord of views in YKK in this course. We allow one another to assume a free hand (laughter).

Power Struggles in Political Circles Discussed

OW1608133795 Tokyo EKONOMISUTO in Japanese
8 Aug 95 pp 51-52

["Summary" of remarks by Hisayuki Miyake, political commentator, in an interview with EKONOMISUTO; place and date not given]

[FBIS Translated Text] The defining characteristic of the last House of Councillors elections was the third party advantage garnered from the low voter turnout at the polls by both the Shinshinto [New Frontier Party, NFP], supported by Soka Gakkai [lay Buddhist organization that originally founded Komeito], and by the Japan Communist Party [JCP].

However the JCP's showing did not reflect a significant change in its popularity with voters over past elections, but rather the power inherent in a solid voter bloc in elections with low voter turnouts. An excellent example of this can be seen in how all the preliminary polls conducted by the media corporations indicated Yasuo Ogata would win his bid with just his hold over a mere 470,000 votes. Therefore, the rival parties hold few concerns over the election victories of the JCP in this election.

At issue are the NFP victories. Every media poll showed that even on the very eve of the polls, voter support for the NFP stood at about half that for the Liberal Democratic Party [LDP]. Yet when the votes were actually counted, the NFP had garnered more votes than the LDP, not just in the single seat electoral districts, but in the proportional representation constituencies as well. This was a major shock to the LDP.

In the LDP's analysis, 6.5 million or the great bulk of the 12.5 million votes won by the NFP in the proportional representation constituencies were Soka Gakkai votes. The LDP has clashed before with Soka Gakkai Honorary President Daisaku Ikeda before by

trying to call him before the Diet and with its attempts to modify the religious incorporation act (broader tax impositions for religious bodies). But with such results in the last elections, it is obvious that the future will bring even more confrontation with the Soka Gakkai. This is a point the political world would do well to give due consideration to.

In the inner councils of the NFP, there had been continued criticism of party President (and former prime minister) Toshiki Kaifu as lacking drawing power and having little presence. Among the party's younger Diet members, there was momentum gathering to convene a party general meeting and replace President Kaifu. However, once the election votes were counted, there was an immediate stop to such calls.

Party members who had originally come to the NFP from the LDP had earlier directed a series of disparaging remarks at the united front presented by the "Ichi-Ichi line" of Ichiro Ozawa aligning with Yuichi Ichikawa. They questioned the taste of securing Komeito support through adroit offerings of "respect." However, under the principle "Winner Takes All," such criticisms appear to have almost magically given way to people saying: "We cannot win the single seat electoral districts without Soka Gakkai."

The attitude of these former LDP representatives derives from a growing sense of being trapped: they were discomfited by trying to work with their party peers originally from the Komeito, and they feared that the NFP would never amount to anything more than just another opposition party. It was in trying to overcome this sense of being trapped that [acting NFP secretary] Kozo Watanabe made overtures to Seiroku Kajiyama (LDP) and Hajime Funada (NFP), set to work on building ties with the YKK trio (Taku Yamazaki, Koichi Kato, and Junichiro Koizumi). However, with the results of the last election, it is possible such moves may come to an abrupt halt.

The NFP is now more than confident it can compete on a par with the LDP, even in the small electoral districts.

Kono Versus Hashimoto Power Struggle

Meanwhile, on 23 July when it became evident how the polls were going to come out, Prime Minister Murayama offered his resignation at a meeting of the three party heads of the ruling coalition. He nominated LDP Party President Yohei Kono to succeed him as Prime Minister, which Kono was most eager to do. However, the adamant opposition of Sakigake head Masayoshi Takemura was unshakable and the scene ended with the decision that Murayama should continue on as prime minister. One consequence: this devastated

the plans of Kono's own LDP supporters to take advantage of "events leading to Kono's appointment as Prime Minister which would consequently allow him to go uncontested for the LDP presidency elections in September."

Kono told the press on the following day, 24 July: "As the highest authority, I have no excuse to give for the poor showing or the drop in the number of LDP seats. However, I shall commit everything I have for the sake of the party. I will bow to the will of my peers in the elections for party president." He has clearly indicated his intention to run again for the party presidency in the 30 September elections.

However, Kono's re-election to the LDP presidency will run into opposition from the Obuchi group which supports the candidacy of (Minister of International Trade and Industry) Ryutaro Hashimoto. As the elections for party president near, the future is sure to bring further and sharper conflict between those who support Kono's remaining in office and the machinations of the Obuchi group.

The executive committee of the LDP today lies in the hands of party President Kono, Vice President Obuchi, and Secretary General Yoshiro Mori, all of whom were born in 1937. The generation born before 1935, either in the Taisho era or first decade of Showa, has been virtually routed. Consequently, the party members of the preceding and now "retired on active duty" generation are fraught with suppressed frustration. By the way, note that Hashimoto was also born in 1937.

The conflict between the group supporting Kono and the Obuchi group is found just below the surface. On one flank of the clash await the members of the older, sidelined generation, waiting for their chance to return to power, and on the other, the younger rising YKK lies in wait. So stands the LDP today.

There are, of course, several problems confronting Kono's group of supporters. With the party president's immediate circle drawn almost exclusively from the former Miyazawa faction, there has been little outward spread of support to the other LDP factions. In addition, Kono's stances on the Diet resolution marking the 50th anniversary of the end of WWII, the welfare support law for victims of the atomic bombings, and on the "comfort women" issues have been labeled ideologically unacceptable to a disgruntled party right.

Meanwhile, rival candidate Hashimoto's great public popularity is not paralleled within the party itself. Although his adroit political manipulations at the Japan-U.S. auto talks have been highly acclaimed, his personality has given rise to many enemies within the LDP. For

these reasons, Hashimoto's supporters cannot be confident of carrying the day when burdened with Hashimoto himself.

However, should preliminary runoffs be held for the party presidency, Hashimoto's great popularity with the people is sure to garner more than a few votes from party members. LDP Secretary General Mori is therefore attempting to secure Kono's continued incumbency by avoiding any election and working to have the issue decided through discussions between the party's power figures. This is criticized by the YKK which has declared, "Any attempt to select the president in closed talks is an affront to those members who were drawn to our party by honeyed words and promises that they could vote freely for their own party president." The very rectitude of this argument has made it impossible for the executive committee to override it. These insights reveal that Kono's re-election as party president will be anything but easy.

In the midst of this, it is singularly curious that Prime Minister Tomiichi Murayama has not been held accountable for the serious losses suffered by the Socialist Democratic Party of Japan [SDPJ]. While the SDPJ has formally assented to change its mantle to the new robes of a new democratic liberal party, to date we have yet to see even one concrete move in this direction. It would appear that the real reason the prime minister has not been held accountable is so the office of the prime minister may be retained when the Cabinet is reshuffled as is scheduled for some date after 4 August.

These last elections also have the Sakigake reeling from crushing setbacks.

Sakigake has two main streams of thought: both a pragmatic policy line laid down by (minister of finance and) party leader Masayoshi Takemura and Deputy Chief Cabinet Secretary Hiroyuki Sonoda, and others, and a purist party line laid down by Shusei Tanaka and Yukio Hatoyama.

Of the two, the opposition from the party's purists to the LDP's proposals to stimulate the economy through the freezing and review of taxes on land value, income from sales of land, and the securities transaction tax has often surpassed the opposition of the SDPJ. This has more than once given rise to calls from within the LDP insisting, "If Sakigake continues to interfere, the LDP and SDPJ will go it alone." However, both Prime Minister Murayama and LDP President Kono are fully conscious of Sakigake's role in bonding the SDPJ and LDP together and the crucial role this has played in contributing to the longevity and success of the ruling three-party coalition government. There is

probably little real likelihood of the Sakigake being removed from power.

However, it is increasingly the public perception that Sakigake benefit from playing an opportunistic role as a mediator, Balkanizing the two parties.

Are General Elections Set for Next February?

For the future, it is the opinion of this writer that the advances made by the NFP and the losses of the LDP and SDPJ will show no immediate effect in changes in the political arena. The elections for the House of Councillors have never really been a factor in control of the government. While the seats held by the ruling group (the three-party coalition) may have dwindled in number, what they did win combined with the number of seats that were not up for elections means they still retain a majority in the upper house. Therefore, the results of these last elections do not in themselves translate into a undermining of government rule.

However, the Murayama administration is certainly going to evaluate and re-evaluate the timing of general elections. To date, the LDP had maintained control over the national Diet through repeated bluffs of the NFP and other new parties known to not yet have developed strong local or regional organizations by its threats to dissolve the House of Representatives and hold general elections. But such threats can hardly be expected to have much effect on the NFP in the future. Unless the voter turnout is higher in the next elections, the results will almost certainly be a repeat of this last loss to the Soka Gakkai-controlled voter bloc.

The most likely option the Murayama administration can be expected to take is the formulation of a new budget proposal, which would leave the NFP devoid of issues, and subsequent dissolution [of the Lower House] in January of next year with general elections to follow in February.

However, with the economy in such an abysmal state, it would truly be unfortunate for Japan if the Murayama administration were allowed to remain in office.

Leaders Urged To Play Proper Diplomatic Role

*OW1608122295 Tokyo ASAHI SHIMBUN
in Japanese 10 Aug 95 Morning Edition p 5*

[Editorial: "Japan Should Open Itself From Within — Fifty Years After the War and the Future of Japan"]

[FBIS Translated Text] Japan's post-war diplomacy started from less than zero. Just to get to the starting line, the nation had to first regain its independence, win reacceptance into the international community, pay

war indemnities, and so forth as part of the process of liquidating the war's massive negative legacy incurred through its own fault. Half a century has passed since then.

We expected this year to be a milestone for steering Japanese politics and diplomacy onto a future-oriented direction.

However, having seen how the Diet dealt with the no-war resolution to mark the 50th anniversary of war's end, we were again reminded of the inability of our politicians to face the past squarely and dispel the ill feelings among our Asian neighbors.

Japan regained its independence in 1952. It joined the United Nations four years later, and the Organization for Economic Cooperation and Development (OECD) in 1964. In 1975, it became a member of the summit of major industrialized nations.

There are currently 181 Japanese embassies and legations abroad. Japan's official development assistance (ODA) spending is the largest in the world, and the number of countries in Japan's ODA program totals about 130. For about 30 countries, primarily Asian and African, Japan is the main ODA provider. This nation has indeed come very far in a mere 50 years.

Throughout this period, the relationship with the United States always formed the pivot of Japanese diplomacy. The United States exerted an overwhelming influence on every aspect of Japanese politics, economy, society, and culture, first as Japan's occupier, and then as a dependable protector after Japan regained its independence.

Needless to say, Japan's rapid economic growth brought about drastic changes in the relative balance of its economic relations with the United States. The first turning-point came between the late sixties and the early seventies. During this period, the United States became a trade-deficit nation for the first time since the late 19th century. It was around that time that Japan began to constantly post a trade surplus with the United States.

Another landmark year that symbolized a change in Japan-U.S. relations was 1985. That year the United States became a debtor nation, while Japan emerged as the world's leading creditor nation.

However, the changes in bilateral economic relations did not directly affect their diplomatic ties. On each and every foreign affairs issue, Japan continued to observe the U.S. reaction before making any move of its own, a habit that was acquired over time.

This habit has yet to be broken. Even the normalization of Japan-China relations could not have happened without the United States leading the way with its

policy of rapprochement with China. All the while, Asian countries were being made aware of how little they mattered relative to the United States in Japanese diplomacy, despite the words of Japanese politicians that "the country places emphasis on Asia."

Also, Japan has frequently used "pressure from the United States" to settle difficult domestic problems, such as market liberalization. However, this created a U.S. image of Japan as a "nation that would take no action unless forced." This vicious circle has been repeated many times.

When the 38-year one-party rule by the Liberal Democratic Party ended and the coalition government of Prime Minister Morihiro Hosokawa was inaugurated, expectations were high in the United States that Japan might finally change. The Japanese people also thought that an opening of the nation from within would finally begin, and hoped for reforms under the coalition regime.

However, the actual outcome fell short of everyone's expectations. The U.S. disappointment was all the deeper because of its high hopes.

Meanwhile, the bursting of the bubble economy cast a shadow on the Japanese economy. Ironically, this restored vigor and confidence to U.S. industry, which had been languishing under the growing competitiveness of Japanese industry. Yet, the trade imbalance between Japan and the United States remained unchanged, over which bilateral trade friction continued.

Having lost its sense of purpose following the end of the Cold War and the collapse of the Soviet Union, the United States has rapidly become inward-directed under the Clinton administration and the Republican-led Congress. The Clinton government has the strong tendency to avoid seeing individual bilateral issues in the long-term diplomatic perspective or a global strategic context, and just deals with them as circumstances demand.

Meanwhile, Japan is like a ship drifting without a chart in terms of politics and economy. Because the coalition government of Prime Minister Tomiichi Murayama has only limited capability, the situation is worsening.

The recent Japan-U.S. auto dispute was the reflection of strained economic relations between the two countries. Unless something is done, the basis of mutual trust may become shaky.

What worries us is that some Japanese are beginning to "ignore the United States as unimportant" and to "focus instead on other Asian countries." But in reality, no country but the United States would listen to and cooperate with Japan on each and every issue.

What other Asian countries expect of Japan is for it to retain relations of trust with the United States so that it will be able to speak firmly with the United States and give Asian viewpoints whenever necessary. To put it the another way, the United States and European countries will trust Japan more if Japan becomes a country that its Asian neighbors want to support.

Is Japan responding to such Asian expectations in earnest?

Japan is expected to have a long-term perspective that includes "both Asia and the United States," and a readiness to open and change itself from within. This is no longer an age in which we are allowed to simply choose "either Asia or the United States."

What will become of U.S.-China relations, which have lately begun to falter?

The United States, which is paying attention to Asia's vitality and promising future, hopes to maintain its influence in the region, including its military presence. Its relations with China, which are expected to become more powerful in the 21st century, are not a matter of no concern to us, but are a primary factor that will determine the future of Japan and the future of Asia.

China after the Deng Xiaoping era may be a place fraught with uncertainty. We should frankly tell the Chinese why the rest of the world is apprehensive about them. We should cooperate with them where we should, but chide them when necessary. Similarly, we should cooperate with the United States where we should, but strongly oppose any arbitrary behavior. What Japan needs to practice such diplomacy is political leadership.

After all, we Japanese and the rest of the world are of one mind in desiring political reform in this country. Japanese politicians should bear in mind that political reform is the starting point of the revitalization of Japanese diplomacy.

NEC Strategy To Regain PC Market Share

952A0652A Tokyo KEIZAIKAI in Japanese
27 Jun 95 pp 114-116

[Article by reporter Senshi Namizaki]

[FBIS Translated Text] **Will NEC's lost territory be recovered in personal computers [PC's] in the United States? Estimations by NEC-TECH which is seeking a chance to set about bolstering its local production set-up**

NEC will bolster its production set-up on a scale more than twice that so far in the United States, home of personal computers. The U.S. market is indeed the largest of the world's markets. The shipment situation

for 1994 was that Compaq forged ahead to take the top position, confronting the leader, IBM. Yet even NEC, with nearly a 50-percent share inside Japan, has not reached Toshiba's 550,000 units in world markets, especially in the United States. What moves will NEC, the personal computer leader in Japan, attempt this year?

Toshiba Stands Preeminent in Portable Personal Computers

Seeing as the United States transmits all computer culture, especially for basic software, no computer can speak without the United States. The world's computer culture is born from that broad land and market.

While we say that a year's shipments of personal computers within Japan is growing, it is 3.4 million units. In comparison to the United States, it is not even one-fifth the amount. While it is said that NEC holds a 50-percent share of the domestic personal computer market, when looked at on a global level, the situation is that the three major makers—Compaq, IBM, and Apple—are overwhelmingly strong; and Toshiba follows in the ranking right after Packard Bell.

Toshiba is not as strong as NEC domestically, but in the United States, the home of computers, it has achieved shipments of over 550,000 units in a year. Most of these are personal computers of the notebook or laptop type, and the appraisal has taken root among U.S. users of personal computers that "Toshiba's notebook personal computer is a fine product."

To be sure, the Japanese industry has its strong areas, such as semiconductor memories and liquid crystal displays; but even so, when we look closely into the core sectors controlling the industry, the impact that the U.S. industry has for things like CPU's (central computational processing devices) or basic software design concepts, is tremendous. There is no question that it leads the main sectors of the computer industry.

The percentages for NEC's total sales in the United States by business sector are 43 percent for computers, 29 percent for items relating to semiconductors, 24 percent for items relating to communications and 4 percent for all others. So, even in the United States it is holding back on communications and semiconductors, and computers make up nearly a half. However, although within Japan NEC is a leader in personal computers and shows overwhelming strength, the situation is that once it gets to the United States it cannot wield great strength.

Why is it that NEC, called a leader in personal computers in Japan, is so unavailing in the United States? NEC Technologies President Kenjiro Nitta says, "As for desktop personal computers we have been producing them

since 1992 at the Northboro plant in Massachusetts; but as to notebooks Japan is a little ahead on TFT liquid-crystal panels and size-reduction techniques so that we started producing in Japan."

In a word, while they are called personal computers, those NEC is selling in Japan and those it is selling in the United States have design concepts that differ. Those sold in the United States are made compatible with IBM's; but those sold domestically they are made by NEC's own methods. It is very difficult for users to understand; but in the United States it adopted design concepts suited to the U.S. software environment, while in Japan it has made unique designs such as ones for support of Chinese characters [kanji]. This scrupulous support was a major factor in NEC's capturing almost half of the market share within Japan.

And yet, in the United States the environment is totally different. It is a world which IBM and Apple dominate. Of course, latecomer manufacturers Toshiba and NEC tried to develop their business by means of IBM compatibility. Toshiba even once did its own designing in the 16-bit personal-computer era to sell within Japan, but that did not succeed and it pulled back temporarily.

Thereafter, Toshiba took the IBM-compatibility route even domestically. For Toshiba this became a major key to succeeding in the United States. Also, its having been first in the world in coming out with laptop and notebook type personal computers at a stage earlier than IBM or Apple was a major reason that it won support in the United States. What made it possible for it to surpass NEC in units sold were these strategies.

Expanding Plant in Fife, Washington

NEC currently has five manufacturing bases in the United States. These are in Roseville, California, for semiconductor memories; McDonough, Georgia, for monitors and CD-ROM's; Hillsboro, Oregon, for communication systems; Northborough, Massachusetts, for desktop computers and Fife, Washington, for notebook personal computers. NEC Technologies Vice President Eiji Kusaka says, "We are already doing line expansion."

Its scale of production has more than doubled over that of the past to 200,000 to 300,000 units annually. For an NEC total, they aim for shipments above 600,000 units. Notably, color-type notebook personal computers are rapidly coming out for sale even in the United States.

At "COMDEX '95 Spring" held in April, notebook personal computers were being displayed en masse at booths of the various companies. The latest issue of the U.S.'s BYTE magazine included a special section on large computers being transformed into personal

computer servers, so that it is hard to say how far the down-sizing trend will go. It seems that, riding this trend at NEC, they look toward "the number of medium and small personal computers shipped expanding hereafter."

Mr. Kusaka speaks of the directions in the United States, saying, "There are two major currents. One is the high-performance server business. Then the entry business centered on retailing. In the United States, due to Microsoft's "Windows 95" which will go on sale this year, personal computers will become easy to use. Major growth is anticipated with the individual and the small office."

As NEC's personal computer strategy in the United States, Mr. Kusaka says they are pointing toward retailing and industry; but in light of Microsoft's software strategy, the BYTE magazine special section does not seem totally implausible.

Microsoft is expected to put "Windows 95" on sale this September, and after that to begin selling an application software called "Back Office." A partial "Back Office" product is already being sold; but the undermining of past large computer systems will start in earnest with systems linked to server-side "Windows NT" such as data-base managers or software tying into large computers. Bill Gates is energetically gathering up outstanding programmers from places like IBM and DEC because he has this kind of grand design.

Develop Large Dealerships and Home Electronics Supermarkets

What will happen with NEC's expanded sales of personal computers in the United States?

At a home-electronics discount store in the Seattle suburbs not far from Microsoft, IBM and Compaq personal computers are sold in displays alongside refrigerators at prices in the area of 100,000 yen. According to Mr. Kusaka, "Packard Bells and others sell in stores at prices from 160,000 to under 100,000 yen with CD-ROM's, stereo speakers and ten different software programs included. Moreover, though inconceivable in Japan, the U.S.'s ideas on consumer protection are pervasive and the return rate is close to 20 percent of the total." Besides that, the U.S.'s regulations on resales are more pesky than Japan's. "Even when returned products are disassembled and used for parts that are as good as new, it violates regulations to sell them indicating that they are new items," says Mr. Kusaka.

Actual obstacles, such as intense price competition, high rates of returned items and demand fluctuations, are greater than expected.

In the midst of such a situation, why can one succeed to the extent of curbing IBM, as Compaq has?

Mr. Kusaka says, "We are working especially hard on server systems for corporate users. We also are considering selling for businesses through dealers."

Products that NEC showed at COMDEX this time particularly focused their strength on servers. Mr. Kusaka says, "The performance of the chips themselves is excellent, so that tied into new software under "Windows NT" they will link personal computers together through networks. We will expand such system sales."

However, these system sales are totally different from sales directed at the general consumer. Although they speak of selling to industry, that is not such an easy thing. Even were that not so, IBM is fully in with the U.S.'s establishment businesses, and even users such as Walmart that have done replacements have been eaten into by such work-station makers as SUN.

How is NEC attempting to break through to these strongholds?

Mr. Nitta responds, "In about the past two years the big ten resale firms have had a broad expansion trend; and hereafter we will open up new channels to the likes of CompUSA, Computer City, Office Deck (a supermarket for office products) and Circuit City (supermarket for home electronics)."

This means they are attacking the upper and lower levels of personal computer sales, so that—as mentioned above—one may say that achieving their goals will be difficult unless they resolve the fact that there are big barriers to each market.

Putting out two new product models within fiscal year 1995 and working on a doubling in the high-end and retail sectors are the cardinal points of NEC's personal computer strategy in the United States.

The answer to whether it can really follow along after Toshiba and Compaq according to plan may become clear by year's end.

North Korea

Probe Into Kwangju Massacre Urged in South

SK1708104695 *Pyongyang KCNA in English*
1023 GMT 17 Aug 95

[FBIS Transcribed Text] Pyongyang, August 17 (KCNA) — Members of the People's Committee for Inheriting the Spirit of Kwangju Uprising, citizens, teachers and students, more than 10,000 all told, held the third people's rally in Seoul on August 16 and vowed to bring an action against those responsible for

the Kwangju massacre of May 18, according to a radio report from Seoul.

It was also attended by some 1,000 teachers of the National Teachers' Council for Democracy and members of an organisation related to the May uprising in Kwangju.

The participants urged the probe into the truth behind the Kwangju massacre and institution of a special law and introduction of a system of special prosecutor so as to punish those responsible for the bloodbath.

In a resolution adopted at the rally, they said that the decision of the prosecution not to prosecute the main culprits of the Kwangju massacre means distorting the history and impairing the spirit of the nation and reopening the road to the massacre.

As many as 150 teachers of the National Teachers' Council for Democracy started a sit-in on August 14.

Meanwhile, members of an organisation related to the Kwangju uprising and students have been staging their sit-in strike in Myongdong Cathedral in Seoul and in Kwangju for one month.

South Korean Students Hold Reunification Concert

SK1708104995 *Pyongyang KCNA in English*
1032 GMT 17 Aug 95

[FBIS Transcribed Text] Pyongyang, August 17 (KCNA) — An estimated 10,000 students under the South Korean Federation of General Student Councils (Hanchongnyon) held a reunification concert at Hanyang University from Tuesday night till dawn of Wednesday after staging a fierce demonstration in an attempt to advance towards Panmunjom, a Seoul-based radio report said.

The students gave vent to their surging anger at the Kim Yong-sam fascist clique's anti-reunification crime. The fascist clique blocked their way to Panmunjom where a joint event was to be held with attendance of those from the North, South and overseas to achieve the independent and peaceful reunification of the country by the great unity of the whole nation.

They chanted such slogans as "Let us realise the reunification by means of confederacy" and "Punish the main culprits of the May 18 massacre", and renewed their will to more vigorously conduct the reunification movement.

In another development, the fascist clique walked away five students in Tuesday demonstrations, among them Yang Tae-ho of the National Fisheries University of Pusan.

Students Clash With Police in South Korea

SK1608061095 Pyongyang KCNA in English
0526 GMT 16 Aug 95

[FBIS Transcribed Text] Pyongyang, August 16 (KCNA) — Some 20,000 students under the South Korean Federation of General Student Councils (Hanchongnyon) occupied streets and staged a sit-in against the fascist clique blocking their way to Panmunjom on August 15, according to a radio report from Seoul.

When the August 15 joint national celebration scheduled at Seoul National University on August 14 was failed by police suppression, they held reunification functions and all-night sit-in struggle at different universities. They left police out on the morning of August 15.

As the fascist clique blocked their way to Panmunjom with police force of 15 companies, about 400 students moved the venue to Seoul National University and held the joint celebration from 11 in the morning.

The students threw stones at the riot police firing tear gas canisters. 20 men were wounded by clashes between police and students. The puppet clique mobilized 140 companies of police force 17,000 strong. When the march of students was checked by police, they each went to their own universities in the evening and held meetings.

South Koreans' Desire for Reunification Viewed

SK1608062395 Pyongyang KCNA in English
0537 GMT 16 Aug 95

[FBIS Transcribed Text] Pyongyang, August 16 (KCNA) — Rev. An Sung-un who has come over to the northern half of Korea from South Korea, gave his impressions of participation in the Pyongyang mass rally welcoming the march of the grand national reunification festival celebrating the 50th anniversary of national liberation on August 14.

He said he felt more keenly how ardent the desire of the people in the North for reunification is and the pains of the Korean nation from the division of the territory.

"I have come to clearly understand once again that the ardent desire of the people in the South for reunification cannot be checked by anything, seeing the proud looks of students Chong Min-chu and Yi Hae-chong who have come here to take part in the grand national reunification festival from the southern land, breaking through the deadline. I will become a reverend who will devote himself to the sacred cause of national reunification." He stressed.

He attended the "Church Service Marking August 15" which was held at the Pongsu Church and visited the Chilgol Church on August 13.

Korean Citizens in China Praise Kim Il-song

SK1708105095 Pyongyang KCNA in English
1037 GMT 17 Aug 95

[FBIS Transcribed Text] Pyongyang, August 17 (KCNA) — Chairman Yang Yong-tong and Vice-Chairman Choe Song-san of the General Association of Korean Citizens in China and Yu Chang-hwan, chairman of the China headquarters of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon), were interviewed by KCNA in Pyongyang. They have come here to participate in the grand national reunification festival celebrating the 50th anniversary of national liberation.

August 15 is a significant and historic day when the great leader Generalissimo Kim Il-song brought joy of liberation to our nation, they said, and noted: On this occasion, we are overwhelmed with deep emotion and more deeply look up to the respected leader, a peerless patriot, as the benefactor of national liberation.

Yang Yong-tong said: There is no such man as our leader who so deeply loved the country and the nation. It was the faith of the great leader that the destiny of the country, interests of the nation, should be thought of above all and everything should be subordinated to it, before arguing isms and assertions.

Our nation will hold respected Generalissimo Kim Il-song, the father of socialist Korea, in high esteem as the eternal father of the nation.

Choe Song-san said: Generalissimo Kim Il-song is the benefactor of liberation who saved our nation from the lot of the colonial slave of Japanese imperialism. His great feat in retaking the dignity of the nation is throwing bright rays in the national history.

Yu Chang-hwan stated: The fatherly leader was the most distinguished great man produced by our nation. I will devote everything to realizing the historic cause of national reunification in the '90s without fail, true to his behest.

Foreign Minister Greet Indonesian Counterpart

SK1708051195 Pyongyang KCNA in English
0413 GMT 17 Aug 95

[FBIS Transcribed Text] Pyongyang, August 17 (KCNA) — Foreign Minister Kim Yong-nam sent a telegram of greetings to Indonesian Foreign Minister Ali Alatas on the occasion of the 50th anniversary of the independence of Indonesia.

In the telegram he expressed the belief that the good relations of friendship and cooperation existing between the two countries would further strengthen and develop in the common idea of independence, friendship and the non-aligned movement.

Daily Observes Indonesian Independence Day

*SK1708105195 Pyongyang KCNA in English
1040 GMT 17 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 17 (KCNA) — NODONG SINMUN today observes the 50th anniversary of the independence of Indonesia.

The Indonesian people have consolidated the political independence of the country and made great success in the strenuous work to build an independent and developed Indonesia over the 50 years, a signed article of the paper says, and goes on: Pursuing an independent policy externally, Indonesia has made efforts to strengthen and develop the movement as the chairman of Non-Aligned Movement. Indonesia has maintained the independent stand and rejected the conditional "aid" of the Western countries.

The Korean people are rejoiced over the success made by the Indonesian people in the building of a new society and fully support the policy and stand of Indonesia.

Korea and Indonesia have developed their friendship on good terms.

The friendship between Korea and Indonesia has made contributions to strengthening and developing the Non-Aligned Movement and consolidating peace and security in the Asia Pacific region.

The Korean people will make positive efforts to further develop the friendly and cooperative relations with the Indonesian people.

The Korean people wish the Indonesian people greater success in the work to build a prosperous Indonesia.

Central Committee Sends Message to Yeltsin

*SK1608054495 Pyongyang KCNA in English
0454 GMT 16 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 16 (KCNA) — The Central People's Committee of the Democratic People's Republic of Korea Monday sent a message to Russian President Boris Nikolayevich Yeltsin on the occasion of the 50th anniversary of Korea's liberation.

The message extended greetings to the president and people of Russia on this occasion.

It expressed the belief that the bilateral relations between Korea and Russia will as ever develop on the principles of independence, equality and non-interference in other's internal affairs.

Daily Marks Anniversary of India's Independence

*SK1708105295 Pyongyang KCNA in English
1043 GMT 17 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 17 (KCNA) — NODONG SINMUN today dedicates an article to the 48th anniversary of independence of India.

The paper in a signed article says that the Indian people have striven to consolidate the independence of the country and develop the national economy for 48 years since the independence, and goes on:

India is adhering to the non-aligned principles and paying attention to developing friendly and cooperative relations with different countries of the world and to improving relations with the neighboring countries.

The Korean people warmly congratulate the Indian people on their independence day and are rejoiced as over their own over the success of the Indian people in building a new society.

The Korean people sincerely wish the Indian people greater success in the future work to develop the country.

Kim Chong-il Receives Message From Yeltsin

*SK1608230495 Pyongyang Korean Central
Broadcasting Network in Korean
2100 GMT 16 Aug 95*

[Text of congratulatory message from Russian President Yeltsin to Kim Chong-il, chairman of the DPRK National Defense Committee and supreme commander of the Korean People's Army, on the 50th anniversary of national liberation; dated 14 August — read by announcer]

[FBIS Translated Text] Pyongyang

Your Excellency Kim Chong-il, chairman of the DPRK National Defense Committee and supreme commander of the Korean People's Army [KPA]:

Your Excellency Respected Kim Chong-il:

On behalf of the Russian people and on my own behalf, I extend sincere congratulations to you and all people of the DPRK on the 50th anniversary of Korea's liberation.

The half-century anniversary of Korea's independence is valuable to the people of our two countries because of the vivid memories of the unforgettable days of August

1945 when conditions for your country's liberation were provided due to the heroic efforts of the Soviet Army.

We sympathize with the aspirations of the DPRK, our close neighbor, to strengthen the good-neighborly and friendly relations between our two countries.

Russia will make efforts to ensure that flames of war never flare up in Korea, which has a long history, and that all problems on the Korean peninsula be settled peacefully in the interests of the Korean people and for peace and security in Northeast Asia.

Your Excellency Kim Chong-il:

I wish you and all people of the DPRK health, success, and prosperity.

I express my respect.

[signed] Yeltsin

14 August 1995, The Kremlin, Moscow

Foreign Leaders Send Greetings to Kim Chong-il

SK1608054695 Pyongyang KCNA in English
0450 GMT 16 Aug 95

[FBIS Transcribed Text] Pyongyang, August 16 (KCNA) — Messages of greetings were sent to the great leader Comrade Kim Chong-il by foreign state and party leaders on the occasion of the 50th anniversary of Korea's liberation.

They came from General Secretary of the Vietnamese Communist Party Central Committee Do Muoi and Vietnamese President Le Duc Anh, Pakistani President Sardar Farooq Ahmed Leghari and Prime Minister Benazir Bhutto, leader of the great September First Revolution of Libya Mu'ammarr al-Qadhdhafi, head of state and Commander-in-Chief of the Armed Forces of Nigeria Sani Abacha, First Secretary of the Russian Communist Workers' Party Central Committee V. Tyulkin and General Secretary of the All-Union Communist Party of Bolsheviks Central Committee Nina Andreyeva.

The messages express the belief that the Korean people will make fresh achievements under the wise leadership of Comrade Kim Chong-il in the efforts for fulfilling the behests of the great leader President Kim Il-song, in socialist construction and in the struggle for national reunification.

They sincerely wish Comrade Kim Chong-il good health and a long life.

Overseas Koreans Greet Kim Chong-il

SK1708043695 Pyongyang KCNA in English
0408 GMT 17 Aug 95

[FBIS Transcribed Text] Pyongyang, August 17 (KCNA) — The great leader Marshal Kim Chong-il received messages of greetings on the occasion of the 50th anniversary of Korea's liberation from the Standing Council of the Federation of Korean Traders and Industrialists in Japan, the Central Standing Committee of the League of Korean Youth in Japan, the Central Standing Committee of the Democratic Union of Korean Women in Japan, the Central Standing Council of the Association of Korean Social Scientists in Japan, and other organisations and business bodies under the General Association of Korean Residents in Japan (Chongnyon), the local headquarters of Chongnyon, Korean schools at all levels and compatriots from all walks of life.

The messages expressed the firm determination of compatriots in Japan to hold respected General Kim Chong-il in high esteem at the rostrum of reunification square by achieving national reunification in the 90s by the strength of great national unity under his wise guidance, true to the great leader Comrade Kim Il-song's behests on reunification.

They wholeheartedly wished Marshal Kim Chong-il a long life in good health.

Kim Chong-il Sends Birthday Tables to Elderly

SK1708050295 Pyongyang KCNA in English
0410 GMT 17 Aug 95

[FBIS Transcribed Text] Pyongyang, August 17 (KCNA) — The great leader Comrade Kim Chong-il sent centennial birthday tables to Cho Tan-sil residing in Nungna-tong No.2 of Taedonggang District, Pyongyang, and Yi Pang-yon in Pongnam-tong, Pyongchon District, Pyongyang.

Those who received benevolent birthday tables, and their families and relatives and villagers were full of enthusiasm to defend and glorify our socialist system, the most advantageous in the world, united close around Comrade Kim Chong-il who is administering politics of love for and trust in the popular masses.

Kim Chong-il Thanks Scientific Research Teams

SK1608055595 Pyongyang KCNA in English
0512 GMT 16 Aug 95

[FBIS Transcribed Text] Pyongyang, August 16 (KCNA) — The great leader Comrade Kim Chong-il extended thanks to a scientific research team of Kim

Chaek University of Technology and teachers and researchers of Pyongyang University of Railways.

The research team of Kim Chaek University of Technology developed new electronic elements with domestic technology and materials by pooling their creative wisdom and efforts to make it possible to further develop the nation's transport and electronic and automation industries, while the teachers and researchers of Pyongyang University of Railways made great achievements in researches into railway bridges.

Foreign Guests Visit Kim Il-song's Monument

*SK1608054795 Pyongyang KCNA in English
0452 GMT 16 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 16 (KCNA) — Those who were participating in the march of the grand national reunification festival celebrating the 50th anniversary of Korea's liberation and foreign guests of honor Tuesday saw the monument to the autograph of the great leader President Kim Il-song erected in front of the Tongil House at Panmunjom.

Before the monument, they were briefed on the great efforts President Kim Il-song had made until his last moments for the independent and peaceful reunification of the country.

On July 7, 1994, the day before he passed away, he left letters "Kim Il-song July 7, 1994" in an important document concerning national reunification.

The monument was unveiled on August 11 on the threshold of the 50th anniversary of the country's liberation.

Floral Baskets Laid at Kim Il-song Statue

*SK1608055695 Pyongyang KCNA in English
0516 GMT 16 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 16 (KCNA) — Peoples of various social strata, soldiers of the Korean People's Army [KPA], overseas Koreans and foreigners laid floral baskets before the statues of the great leader President Kim Il-song in different parts of the country on Tuesday, the 50th anniversary of Korea's liberation.

Placed before his statue on Mansu Hill here was a floral basket sent by the great leader Comrade Kim Chong-il.

Amid the playing of the floral basket-laying music, floral baskets were laid before the statue in the name of the Central Committee of the Workers' Party of Korea, the Central People's Committee and the Administration Council of the Democratic People's Republic of Korea, the Ministry of the People's Armed Forces, the Min-

istry of Public Security, KPA units, commissions and ministries of the Administration Council, the joint organizations of the Korean Children's Union, social organizations, central state organs, scientific, educational, cultural, art and press institutions and party and power bodies, administrative and economic organs, working people's organizations, industrial establishments and cooperative farms in Pyongyang.

Floral baskets were laid also by overseas Koreans and the diplomatic corps and the military attaches' corps here.

Local party and power bodies, administrative and economic organs, working people's organizations, KPA units, factories, enterprises and cooperative farms laid floral baskets before statues of President Kim Il-song in the provincial seats, cities and counties.

Kim Il-song's Complete Works Published

*SK1708043995 Pyongyang KCNA in English
0429 GMT 17 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 17 (KCNA) — The Workers' Party of Korea Publishing House has brought out "Kim Il-song's Complete Works" Vol. 1.

Vol. 1 carries highly important reports, speeches, talks, orders and treatises, 57 immortal famous works in all, of President Kim Il-song from October 1926 to August 1945, the historical period when he organized and led the glorious anti-Japanese revolutionary struggle to liberate Korea from the yoke of the colonial rule of Japanese imperialism.

"The Path of the Korean Revolution", "To Struggle for Korean Revolution Is Independent Right of Korean Communists" and other works clarify the revolutionary idea and policies on carrying out the national liberation revolution of our country on the strength of the efforts of the Korean people themselves independently on the basis of the immortal *chuche* idea.

"On the Occasion of Founding the Anti-Japanese People's Guerrilla Army", "To Spread and Develop the Armed Struggle Into the Homeland" and other works indicate the unique policies to defeat Japanese imperialism and accelerate the final victory in the country's liberation, the tasks and ways for their realisation including the policy of launching the armed struggle in reliance on their own solid guerrilla bases and the policy of defeating the numerical, military and technological predominance of the enemy by political and ideological, guerrilla's tactical predominance by making use of superb tactics and combat methods.

"On the Occasion of the Formation of the Party Organisation", "The People's Revolutionary Government Is a Genuine People's Government", "The Ten-Point Programme of the Association for the Restoration of the Fatherland" and many other works clearly expound all the principled questions arising in building the revolutionary party organisation, the policy of building a new-type power and the revolutionary and democratic policies which should be enforced by the people's revolutionary government to be built in the guerrilla bases.

The complete works systematically consummate the outstanding idea and theory, strategical and tactical policies which give answers to theoretical and practical problems arising in successfully achieving the cause of national liberation—the question of creating more favourable international circumstances for positively greeting the great event of national liberation by strengthening solidarity with the liberation struggle of the oppressed people the world over and international anti-fascist people's front movement and the question of broadly forming the Young Communist League, Women's Association, Children's Corps and other mass organisations among anti-Japanese, patriotic people and enhancing their role.

Politburo Members Visit Kumsusan Palace

*SK1608054895 Pyongyang KCNA in English
0508 GMT 16 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 16 (KCNA) — Party and government officials, peoples of various social strata and officers and men of the Korean People's Army [KPA] Tuesday visited the Kumsusan Memorial Palace and paid homage to the great leader President Kim Il-song on the occasion of the 50th anniversary of the country's liberation.

Among the visitors were Kye Ung-tae and Chon Pyong-ho who are Politburo members and secretaries of the Workers' Party of Korea [WPK] Central Committee [C.C.] and other party and government officials, and members and alternate members of the C.C., WPK in Pyongyang.

Placed before the statue of President Kim Il-song in the memorial palace was a floral basket in the joint name of the WPK Central Committee, the WPK Central Military Commission, the National Defense Commission, the Central People's Committee and the Administration Council of the Democratic People's Republic of Korea.

The visitors expressed high respect before the statue.

Then, they went upstairs and made a deep bow in the deepest reverence to President Kim Il-song preserved in state.

They were followed by workers, peasants, intellectuals and other peoples in Pyongyang and KPA officers and men of three services.

Kang Song-san Visits Yongsong Machinery Bureau

*SK1708044395 Pyongyang KCNA in English
0422 GMT 17 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 17 (KCNA) — Senior party and state officials visited the Yongsong Associated Machinery Bureau on Wednesday [16 August]. Among them were Premier Kang Song-san, Vice-Presidents Yi Chong-ok, Pak Song-chol and Kim Yong-u, who are Politburo members of the C.C. [Central Committee], the Workers' Party of Korea, and Vice-President Kim Pyong-sik who is chairman of the C.C., the Korean Social Democratic Party.

In April, 1946, just after the liberation of the country the great leader President Kim Il-song visited there and opened a prospect for building a large allround machinery production centre. Through his on-site guidance on 20 odd occasions after that, he indicated how to operate the bureau and aroused the workers there to performance of heroic feats.

The great leader Comrade Kim Chong-il visited the bureau on several occasions. He called it a "powerful complex" and has wisely led it to satisfactorily discharge its mission and role.

The bureau built ten odd modern production bases such as centres for electrodes and pressure tubes by displaying the revolutionary spirit of self-reliance to the full. And it manufactured about 150 large and special machine tools, renewing its appearance as a powerful centre of producing ordered equipment.

The bureau, a winner of "Kim Il-song Order", is capable of producing in eight hours as much as was done in one year before the liberation, and successfully manufactures large machine tools and ordered equipment including a 10,000-ton press.

The visitors went round different units of the bureau already visited by President Kim Il-song and Comrade Kim Chong-il and expressed their deep admiration at the revolutionary spirit of self-reliance and creative ability of the workers there.

On the same day, they visited the Han Chae-uk Factory where cultured ways in work and life have been thoroughly established and a solid supply service base built to carry out the teachings given by President Kim Il-song on his on-site guidance.

Kang Song-san Attends Song, Dance Performance

SK1708044595 Pyongyang KCNA in English
0435 GMT 17 Aug 95

[FBIS Transcribed Text] Pyongyang, August 17 (KCNA) — A song and dance performance was given by artists of the South Hamgyong Provincial Art Troupe at the Hamhung Grand Theatre Wednesday [16 August] in celebration of the 50th anniversary of national liberation. The performance was seen by Premier Kang Song-san, Vice-Presidents Yi Chong-ok, Pak Song-chol and Kim Yong-chu, who are Politburo members of the Central Committee [C.C.] of the Workers' Party of Korea, Vice-President Kim Pyong-sik who is chairman of the C.C., the Korean Social Democratic Party, and other senior party and state cadres, chief secretaries of provincial party committees, commission chairmen and ministers of the Administration Council, leading officials of central organs, anti-Japanese revolutionary fighters, officers and men of the Korean People's Army. It was also seen by officials of party and power bodies, administrative and economic organs, working people's organizations in South Hamgyong Province and Hamhung city, heroes of the republic and labour heroes, men of merit and those who had the audience of President Kim Il-song.

Russian Ambassador to Korea Yuriy Fadeyev and embassy officials were invited.

The performance raised its curtain with a chorus "Song of General Kim Il-song" and included solos, group singings and dances.

The performers impressively showed the happy life of our people and the revolutionary will of the working people to hold the great Comrade Kim Il-song in high esteem as the eternal leader and exalt his undying revolutionary feats for all ages.

They sang of the unshakable determination and rockfirm will of the Korean people to make more dynamic advance towards the accomplishment of the chuche revolutionary cause, rallied close around the great leader Comrade Kim Chong-il.

The performance was acclaimed by the audience for its high ideological and artistic value.

Delegations Leave, Arrive in Pyongyang

SK1608062595 Pyongyang KCNA in English
0529 GMT 16 Aug 95

[FBIS Transcribed Text] Pyongyang, August 16 (KCNA) — A delegation of the Workers' Party of Korea [WPK] led by Pak Kyong-son, vice-director of a department of the WPK Central Committee left here by air Tuesday to visit Latin American countries and a

delegation of the Navy of the Korean People's Army led by Admiral Kim Il-chol to participate in "Sail Indonesia 95".

A delegation of the United Malay's National Organization (UMNO) of Malaysia led by Haji Mustapha Yaakub [name as received], secretary of the international affairs bureau of the youth organisation of the UMNO, and M.V. Scaillet, department director of the Food and Agriculture Organisation of the United Nations, arrived here on Tuesday.

Also arriving was Yi Sung-man, chairman of the "National Association of Compatriots in the Americas" to visit the socialist homeland on the occasion of the 50th anniversary of national liberation.

Establishment of Peace Mechanism Urged at Kaesong

SK1608055995 Pyongyang KCNA in English
0534 GMT 16 Aug 95

[FBIS Transcribed Text] Pyongyang, August 16 (KCNA) — A meeting of solidarity for supporting Korea's reunification was held in Kaesong, a city adjacent to the Demarcation Line of Korea, on Tuesday.

Present there were members of the Japan-Korea friendship delegation led by Akira Iwai [name as received], chairman of the Japan committee for supporting the independent and peaceful reunification of Korea.

Yi Song-ho, vice-chairman of the Korean Society for Cultural Relations with Foreign Countries, other officials concerned and working people in Kaesong were present.

Speaking at the meeting, deputy head of the delegation Giyoo Nakagoji [name as received] urged the Japanese Government to make clear the responsibility for the war, sincerely apologize to the dead and victims, compensate on the basis of clear state's responsibility and resume inter-governmental negotiations without preconditions to establish Japan-DPRK diplomatic relations.

He strongly condemned the South Korean authorities for arresting Pak Yong-kil, widow of Rev. Mun Ik-hwan, on charge of the violation of the "National Security Law", and demanded the abolition of the law and demolition of the concrete wall.

He said that the United States should come out to contact to replace the Armistice Agreement with a peace agreement at an early date.

"We will further strengthen solidarity with the Korean people for the reunification of Korea," he added.

Kim Chong-yong, vice-chairman of the Kaesong Municipal Administrative and Economic Committee, in his speech said that the most important matter in achieving the reunification of Korea at present is to replace the Korean Armistice Agreement with a peace agreement and establish a new peace mechanism.

Korea should be reunified through confederacy, he stated.

An appeal was adopted at the meeting.

Then, the participants staged a demonstration of solidarity.

Art Performances Mark Liberation Anniversary

SK1608100695 Pyongyang KCNA in English
1000 GMT 16 Aug 95

[FBIS Transcribed Text] Pyongyang, August 16 (KCNA) — Performances celebrating the 50th anniversary of Korea's liberation have been given at theatres in Pyongyang and local areas.

At the East Pyongyang Grand Theatre the Mansudae Art Troupe put on the stage the chorus "The Leader Will Always Be With Us," male bass solo "Thunderclap Over Chong-il Peak," etc. to be acclaimed by the audience.

The National Theatrical Company performed the revolutionary drama "Desire" at the Pyongyang Grand Theatre.

The Pibada Opera Troupe and the State Symphony Orchestra gave performances respectively at the National Dramatic Theatre and the Moranbong Theatre.

The performers fully showed the Korean people's determination to always remain faithful to the party's leadership as the soldiers and disciples of the great leader President Kim Il-song and fulfil his behest for reunification in the '90s without fail.

Art performances have been given also in all provinces by provincial art troupes.

Wreaths Laid at Martyrs Cemeteries

SK1608101195 Pyongyang KCNA in English
1003 GMT 16 Aug 95

[FBIS Transcribed Text] Pyongyang, August 16 (KCNA) — Peoples of various social strata, soldiers of the Korean People's Army (KPA), youths and students laid wreaths at the Revolutionary Martyrs' Cemetery on Mt. Taesong and the Patriotic Martyrs' Cemetery at Pyongyang suburbs on Tuesday [15 August], the 50th anniversary of the country's liberation.

Placed at the cemeteries were wreaths sent by the great leader Comrade Kim Chong-il.

Amid the playing of the wreath-laying music, wreaths were laid in the name of the Central Committee of the Workers' Party of Korea, the Central People's Committee and the Administration Council of the Democratic People's Republic of Korea, the Ministry of the People's Armed Forces, the Ministry of Public Security, commissions and ministries of the Administration Council, the joint organizations of the Korean Children's Union, working people's organizations, central state organs, educational, cultural, art and press institutions, KPA units and party and power bodies, administrative and economic organs and industrial establishments in Pyongyang.

Foreign diplomatic envoys here, too, laid wreaths at the cemetery on Mt. Taesong.

NDFSK Mission Visits Kim Il-song Statue

SK1608055495 Pyongyang KCNA in English
0510 GMT 16 Aug 95

[FBIS Transcribed Text] Pyongyang, August 16 (KCNA) — Chief Yi Chong-sang and members of the Pyongyang mission of the National Democratic Front of South Korea (NDFSK) Tuesday laid a floral basket before the statue of the great leader President Kim Il-song on Mansu Hill and paid homage to him on the occasion of the 50th anniversary of the country's liberation.

That day, they also laid bouquets at the Revolutionary Martyrs' Cemetery on Mt. Taesong and observed a moment's silence in memory of the revolutionary martyrs.

Hamhung Youths Celebrate Liberation Day

SK1608055795 Pyongyang KCNA in English
0523 GMT 16 Aug 95

[FBIS Transcribed Text] Pyongyang, August 16 (KCNA) — An evening gathering of Hamhung youths and students took place at Hamhung Square last evening in celebration of the 50th anniversary of the country's liberation.

Placed at the square was a portrait of the great leader President Kim Il-song.

Floating in the sky above the square were large balloons bearing slogans "Long live the great leader Comrade Kim Il-song" and "Long live the great leader Comrade Kim Chong-il"

Seen in the square were letters "Celebration of August 15," a fan-shaped arch, a stage adorned with decorations peculiar to the industrial city of Hamhung and big maypoles.

The platform was occupied by Premier Kang Song-san, Vice-presidents Pak Song-chol, Kim Yong-chu and Kim Pyong-sik and other senior party and state officials, anti-Japanese revolutionary fighters and Kim Su-chin, a department director of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), who is heading a delegation of educationists of Chongnyon. Russian Ambassador to Korea Yuriy Fadeyev and his embassy officials were present at the stand on invitation.

Seen in the stands were commission chairmen and ministers of the Administration Council, officers and men of the Korean People's Army, leading officials of party and power bodies, administrative and economic organs and working people's organizations in South Hamgyong Province and Hamhung city, heroes of the Republic, labor heroes, scientists, technicians and labor innovators.

Also seen there were the members of the visiting Chongnyon educationists delegation.

With thousands of fireworks set off and the song "Long live Generalissimo Kim Il-song" sung, the participants formed several rings and danced, expressing the deepest thanks and highest respect to President Kim Il-song, who built the socialist country of chuche on this land after liberating the nation.

The dances represented the happy life of the youths and students who have become performers of feats and heroes of the time under the loving care of Comrade Kim Chong-il.

The participants were determined to further develop their country, their homeland and promote the revolutionary cause of chuche and national reunification under the leadership of Comrade Kim Chong-il, true to the behests of President Kim Il-song.

Songjin Steel Mill Increases Steel Production

SK1608095595 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 14 Aug 95

[FBIS Translated Text] Greeting the 50th anniversary of the country's liberation, the Songjin Steel Mill achieved gains in steel production. Upholding the great leader's behest to develop the metal industry and the party's revolutionary economic strategy, functionaries and workers here are overfulfilling the monthly and quarterly targets by five percent by operating at full capacity the metallurgic furnaces that were built independently for ourselves with our own technology and material.

In particular, the workers and technicians in the material supply, dust coal, and power distribution sections are

overfulfilling the daily-assigned tasks by efficiently revising the mobile [word indistinct] furnace and power control as well as the by roasting furnace, and by effectively operating furnaces according to the technical manual and standard manufacturing procedures.

The supplies sections, such as the fireproof materials section and maintenance shop, are fulfilling daily targets without fail by working scrupulously in facilities management and technology management and by increasing the rate of operation of machines.

Complex Increases Power Generation Facilities

SK1608101595 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 14 Aug 95

[FBIS Translated Text] The workers of the Taean Heavy Machinery Complex, which is playing an important role in contributing to the country's prosperity, is effecting new innovation in the production of power generation facilities.

The workers and technicians of the No. 1 processing work team of power generation facility, who are making vigorous advances with high confidence and optimism under the leadership of the great leader [yongdoja] Comrade Kim Chong-il, are overfulfilling their daily targets in processing parts by 20 percent, with the parts weighing nearly 60 tonnes each.

The workers of the assembly work team effected innovations by building power generation facilities, which normally takes four months, in only two months.

South Korea

North Workers in Russia View Succession Issue

SK1708082995 Seoul KBS-1 Television Network in Korean 1214 GMT 13 Aug 95

[FBIS Translated Text] Many Koreans were forced to work in Sakhalin, Russia, during Japanese rule. Now, North Korean workers are working in this tragic land on construction sites to earn foreign currency. Some 80 North Korean workers are working at construction sites in Yuzhno Sakhalinsk, and living in groups in apartments. KBS, as ROK media, discloses the location for the first time. Reporter Cho Chae-ik of the KBS social department visited their lodgings and construction sites.

[Begin recording] [Cho] This is a small apartment town in the southeast of Yuzhno Sakhalinsk. A Korean signboard is seen at the entrance of the Russian building where North Korean construction workers live. The guard of the lodge appeared to be surprised by the visit

of ROK reporters, but led us to the reception room. Portraits of Kim Il-song and Kim Chong-il were seen on the reception room wall, along with an old typewriter and a work log on the table. There is a magazine on the achievements of Kim Il-song. We were received by a manager and a party secretary, who supervise the workers.

[Manager] We have about 80 workers here.

[Cho] I heard once there were 200 to 300 workers.

[Manager] That was in the past. Now, socialism has been hindered here and the state does not have enough funds for many construction projects.

[Cho] Do you get paid in rubles or with other things?

[Manager] We do not receive anything. According to the contract between the states, raw materials in Sakhalin, namely, lumber and fish, are sent to our fatherland.

[Cho] How long is the term here?

[Manager] Two to three years, depending on the individual's wish. Where did you say you are from?

[Cho] KBS.

[Manager] Ah, KBS.

[Cho] Do you know it?

[Manager] Sure I know KBS. The recent news I heard about the ROK [hanguk] was the defeat of the Democratic Liberal Party in the local autonomy election and the collapse of Sampung Department Store.

[Cho] How did you know?

[Manager] I saw it on television here.

[Cho] When will Secretary Kim Chong-il assume power?

[Manager] In fact, all our DPRK people wish to uphold comrade dear leader [chidoja], the great leader [yongdoja], as the leader [suryong], but he himself does not accept [chopsu] that.

[Cho's narration] When we were talking with the manager and the party secretary, a few North Korean workers were looking in the window.

[Second manager] The room is not clean and it is not tidy.

[Cho] That is all right.

[Second manager] We all have the portraits in our rooms.

[Cho's narration] Two workers share a room about 10 square meters. They were reluctant to show us the room, saying it was not tidy.

[Cho outside the building] Thank you.

[Second manager] Good-bye.

[Cho's narration] We asked the location of the construction sites, but they did not answer. We searched downtown Sakhalin for about two hours, and finally discovered North Korean workers. A man who was plastering a porch had deep wrinkles on his face.

[Cho to unidentified worker] Is it not hard working under the hot sun?

[Worker] It is hard, somewhat.

[Cho to worker] Do you need a license to work here?

[Cho's narration] It appeared the workers were under surveillance even at work, and they did not say much.

In the land of tragedy, Sakhalin, where Koreans suffered from forced labor by the Japanese imperialists about 50 years ago, another group of compatriots, the North Korean workers, are providing labor and suffering hardship. [end recording]

North Likely To Separate Politics From Economy

SK1608040995 Seoul HANGYORE SINMUN
in Korean 16 Aug 95 p 3

[Report by Washington-based correspondent Chong Yon-chu: "North Korea Is Likely To Carry Out Economic Cooperation, Separating Politics From the Economy"]

[FBIS Translated Text] With regard to the several steps recently taken by North Korea, a well-informed source in Washington predicted on 14 August that "the North Korean leadership centering on Kim Chong-il, successor to Kim Il-song, is likely to avoid unnecessary conflicts in North-South relations in the future, but instead concentrate much efforts on North-South economic cooperation by giving a priority to separating the politics from the economy."

The source stated that "North Korea wants the South Korean businessmen to actively invest in the Najin-Sonbong area," citing the fact that North Korea canceled on 13 August the "Reunification Marathon" planned by Korean-American Choe Kyong-kuk (73) immediately after the North released the detained rice freighter "Samsun Venus."

The source, who recently returned after meeting with a North Korean high-ranking official, particularly stated that "in the future, North Korea is likely to limit the South Korean businessmen's economic activity to the Najin-Sonbong area, as well as the Nampo port area, and

that it will guarantee the free investment and economic activities in these areas."

Seoul Wavers on Retaining Rice Talks Delegate

Song Yong-tae To Head Group

SK1708015695 Seoul YONHAP in English
0151 GMT 17 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 17 (YONHAP) — Vice National Unification Minister Song Yong-tae will replace Vice Finance and Economy Minister Yi Sok-chae as the senior delegate to the inter-Korean rice talks, a responsible government official said Thursday.

"Yi will be replaced by Song as the third round of inter-Korean talks are slated to focus rather on such pending issues as the repatriation of Clergyman An Sung-un and the crew of the Usong 86 trawler than on economic issues," the official said.

As Song is currently Seoul's co-chairman of the Joint Inter-Korean Reconciliation Committee, the official said, he will be a good match for his North Korean counterpart, chief delegate Chon Kum-chol who is North Korea's co-chairman to the committee.

"If the third round of South-North Korean talks are realized and delegates from both sides sit together, the Inter-Korean Reconciliation Committee, which was organized in accordance with the South-North Korean basic agreement, will finally begin operations," he said.

The official's revelation came a day after Deputy Prime Minister Na Ung-pae told lawmakers in a question-answer session at the National Assembly that he would suggest a replacement of the senior delegate to the president in view of the characteristics of the third-round inter-Korean talks of government officials.

Leadership Change Reversed

SK1708101495 Seoul YONHAP in English
1009 GMT 17 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 17 (YONHAP) — The government Thursday decided not to change the South's chief delegate to the inter-Korean rice talks in Beijing, Kim Kyong-ung, spokesman for the National Unification Ministry said.

It was reported earlier in the day that Vice Unification Minister Song Yong-tae would replace Vice Finance and Economy Minister Yi Sok-chae as South Korea's chief delegate to the Beijing talks.

"A meeting of relevant government officials chaired by Deputy Prime Minister Na Ung-pae reviewed the issue of possible change of the chief delegate, and decided not

to consider replacing Yi at the moment," the spokesman said.

He said the meeting resolved it is not desirable to change the chief delegate since various pending issues and the question of South-North economic cooperation would consistently be discussed at the coming third-round talks in Beijing.

The meeting was called by Deputy Prime Minister Na after Assembly National Unification and Foreign Affairs Committee members on Wednesday asked for the change of the chief delegate.

Lawmakers Criticize 'Mishandling' of Rice Issue

SK1708063995 Seoul THE KOREA HERALD
in English 17 Aug 95 p 1

[FBIS Transcribed Text] Both ruling and opposition party lawmakers yesterday blasted the government for what they called its mishandling of rice aid and other North Korean affairs.

In particular, they took issue with the South Korean rice aid to North Korea, which forced a South Korean freighter to hoist its flag last month and seized another South Korean ship on charges of reconnaissance earlier this month.

Despite the recent incidents, however, Deputy Prime Minister Na Ung-pae, concurrently minister of national unification, said the South Korean government will send all the rice it committed itself to in June.

"We will deliver 65,000 tons of rice, the remainder of the 150,000 tons that we promised to give, on schedule," Na said. "I believe the rice aid project, which started out of love for our brethren (in the North) will contribute to South and North Korean reconciliation and mutual confidence when it is completed as scheduled."

He added the government expects that the transportation of the remaining 65,000 tons of rice is to be concluded by the end of next month.

Na said that the government will not discuss more rice aid unless North Korea returns a South Korean fishing vessel it seized in May and guarantees free communications between rice-delivering vessels and their home offices.

Answering a lawmaker's question, the deputy prime minister said he is ready to suggest to President Kim Yong-sam that the chief delegate to the inter-Korean rice talks, Vice Minister of Finance and Economy Yi Sok-chae, be replaced.

Some lawmakers demanded that Yi, an economic technocrat, be replaced by an North Korea expert, arguing

that South Korea should raise political issues pending between the two Koreas in the next negotiations.

Na said he cannot rule out the possibility of inter-Korea relations straining as a result of the recent incidents, including the alleged abduction of a South Korean pastor from China to North Korea.

The South Korean government will demand that the Christian minister be repatriated when a Chinese investigation proves he was kidnapped, Na said.

Rep. Pak Chong-su of the ruling Democratic Liberal Party claimed the South Korean government's approach to the North Korean detention of a South Korean freighter damaged the pride of the South Korean people.

On Aug. 2, one day after a South Korean freighter entered the North Korean port of Chongjin to deliver rice, North Korea charged a crewman, who took pictures, with reconnaissance and took the ship into custody.

To free the ship from detention, South Korea admitted the crewman violated the North Korean law, promised to prevent such an incident from recurring and offered regrets and committed itself to providing the North with all the rice it had promised.

Rep. Pak denounced the South Korean government for yielding to the North Korean allegation without investigating the case.

"What North Korean law did he (the crewman) violate? Why did you make haste (to settle the dispute)?" he said.

The lawmaker maintained the South Korean government should have reviewed its North Korean policy when North Korea forced the previous rice-delivering vessel to raise its flag last month.

"Our people are angered because we have been slapped (by the North) when we are help them," he said. "Our people's pride and our nation's prestige have been shattered."

Rep. Yi Chong-chan of the opposition National Congress for New Politics asked what became of the North Korean promise to guarantee the safety of South Korean ships and their crews delivering rice.

"The crew's detention rendered the (North Korean) document promising the safety (of ships and their crews) useless," he said. "How will you guarantee their safety in the future?"

The lawmaker was referring to a document sent by the North Korean public security minister in June to guarantee the safety of South Korean ships entering North Korean ports to deliver rice.

Rep. Yu Hung-su of the ruling party also took issue with the North Korean guarantee on the safety of ships and their crews and asked if the South Korean government needed to provide the rice to the North while being humiliated.

Rep. Yi U-chong of the National Congress for New Politics accused the South Korean government of providing the North with rice for its own political reasons, not out of love for the North Korean brethren.

Editorial Urges Consistent Policy on North

SK1708091195 Seoul HANGUK ILBO in Korean
17 Aug 95 p 3

[Editorial: "The Government's North Korean Policy Is Blasted"]

[FBIS Translated Text] On 16 August the National Assembly Unification and Foreign Affairs Committee held a meeting to discuss the issue of providing rice to North Korea. The government's policy toward North Korea was blasted during the meeting. Both ruling and opposition lawmakers have uniformly demanded that the government take responsibility for the recent Samson Venus incident.

Lawmakers called upon the government that day to fully review its policy toward North Korea and to reconsider providing rice, asking: "Why does the government continue to provide rice to North Korea while they insult us?"

Such demands by the National Assembly fully reflect the people's sentiment. From the beginning, the people have been reluctant to accept the government's provision of rice to North Korea. It was not easy for them to understand why President Kim Yong-sam remarked that, if necessary, he would import rice from a foreign country to provide to North Korea. The incident of forcing a South Korean ship to raise the North Korean flag also aroused the people's indignation toward North Korea. Following this, North Korea detained the Samson Venus, the rice-carrying vessel, at port because they regarded a crew member taking pictures as espionage activity. This incident has greatly irritated the people's sentiment once again.

The people have loudly denounced such behavior by North Korea as a very ungrateful act of trampling upon the benevolence of South Korea. The government has promised that it will continue providing rice to North Korea, gently responding to North Korea's demand for an apology. However, the people have expressed dissatisfaction over the government's low-profile steps to deal with North Korea. Many lawmakers, ruling and opposition, have raised voices to denounce the

government's steps. Such voices were echoed in the National Assembly building that day.

The government has stated that it has not considered providing additional rice to North Korea other than the 150,000 tonnes it already promised. However, the public has demanded that the government "suspend delivery immediately," saying that "North Korea should come and take rice if they need it."

Why do we need to provide rice to North Korea, which regards the benefactors — who brought rice to them by crossing over the sea — as hostile forces, like enemies, instead of warmly welcoming them?

Also, North Korea still has custody of the detained crew of the *Usong* and of Reverend An Sung-un of the Full Gospel Church in Seoul. Under these circumstances in which North Korea has not shown a sincere attitude to return them to South Korea, why should South Korea give favors to them while being unilaterally insulted? Is it proper for our dignity and pride to be constantly infringed upon? Therefore, the people cannot but to raise such questions.

The government may try to answer the above questions by replacing the relevant ministers in the upcoming personnel reshuffle of government and party officials. However, the people will not be satisfied with such steps alone.

The government should fully review its North Korean policy; set a new direction, and consistently carry it out. In particular, the North Korean policy should be established openly and be executed by gaining support and sympathy from the people. Then, there will be no further trouble. The policy formulated by several particular persons in a closed-door meeting is very dangerous because it cannot be reviewed by the public.

N-S Contact Centers on Seized Freighter

*SK1608112295 Seoul YONHAP in English
1112 GMT 16 Aug 95*

[FBIS Transcribed Text] Seoul, Aug. 16 (YONHAP) — The recent South-North contact in Beijing over the issue of the North's holding of a South Korean freighter was made between working-level officials, not between delegates to the Beijing rice talks, Deputy Prime Minister Na Ung-pae said Wednesday.

Testifying at the National Assembly National Unification and Foreign Affairs Committee, Na said the contact was attended by Hong Chi-chun, chief of KOTRA's [Korea Trade Promotion Corporation] North Korea office, from the South and Yi Song-tok, a councilor at the North's Committee for Promoting External Economic Cooperation.

The deputy premier noted that under the Beijing rice agreement, working-level matters arising over the shipment of rice are to be resolved between the KOTRA and the North's Samcholli General Co.

"Our delegate, Deputy Unification Minister Kim Hyong-ki, did not meet any North Korean delegate," Na said. "He simply oversaw the working-level contact in Beijing."

Deputy Prime Minister Na also said that at the moment his government does not consider providing to North Korea any further rice in addition to the 150,000 tons already delivered or set to be shipped.

"However, if the need arises of any additional rice delivery, we will consult with the National Assembly," he added.

Seoul-Beijing Fisheries Talks Begin in Pusan

*SK1708002495 Seoul THE KOREA HERALD
in English 17 Aug 95 p 8*

[FBIS Transcribed Text] The Korea-China fisheries talk is in progress through Aug. 22 at the National Fisheries Research Development Agency (NFRDA) in Pusan.

NFRDA researchers and their Chinese counterparts will discuss ways of stepping up environmental and technological cooperation concerning the resources in the seas surrounding the two countries.

During their stay, the five Chinese visitors are also scheduled to visit marine farms and fisheries in the area.

Government Voices 'Deep Regret' on Nuclear Test

*SK1708110095 Seoul YONHAP in English
1049 GMT 17 Aug 95*

[FBIS Transcribed Text] Seoul, Aug. 17 (YONHAP) — The South Korean Government expressed a deep regret over China's nuclear test Thursday, second of such test by China so far this year.

In a statement, the spokesman of the Foreign Ministry said the nuclear test violates the spirit of mutual trust and confidence between nuclear and non-nuclear weapons states, a spirit that made possible the indefinite extension of the Nuclear Non-Proliferation Treaty last May.

"It also runs counter to the chairman's statement of the ASEAN regional forum of last Aug. 1 which called for an immediate end to all nuclear testing," it said.

The statement went on to say that South Korea strongly hopes that China's continued nuclear testing and the recent decision by France to resume nuclear testing will

not obstruct international efforts for an early conclusion of a comprehensive test ban treaty.

"We urge the Chinese Government to immediately halt all nuclear testing and demonstrate leadership in global non-proliferation and nuclear disarmament efforts," the spokesman added.

Air Force Denies Training Pilots in Japan

SK1608111995 Seoul YONHAP in English
1059 GMT 16 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 16 (YONHAP) — The South Korean Air Force on Wednesday denied as not true the foreign press report that some South Korean Air Force pilots have been trained in Japan for the first time since the end of World War II.

"It was not flight training, but two pilots simply boarded T-2 planes in Japan for observation purpose," the Air Force said.

It said in a statement two Air Force pilots recently visited Japan to collect materials on the projected activation of an Air Force precision flight team.

"During the visit, the pilots test-boarded T-2 planes once merely for observation, not for aerial acrobatics training," it said.

President Sees Progress in Murayama Letter

SK1708001595 Seoul THE KOREA HERALD
in English 17 Aug 95 p 2

[FBIS Transcribed Text] President Kim Yong-sam yesterday gave a reserved endorsement of the statement Japanese Prime Minister issued about its wartime past Tuesday [15 August].

"It is not satisfactory, but I see considerable progress from the past (in the Japanese position)," Kim said during a cocktail party he hosted for a group of overseas Koreans who fought against Japanese colonial rule and their descendants.

Kim also said that it is the first time that the Japanese prime minister has sent a personal letter to the South Korean president to convey Japan's apology for its past history.

The President received a letter from Murayama hours after the prime minister read the statement at a news conference in Tokyo Tuesday, the 50th anniversary of Japan's surrender in World War II. It also marked Korea's liberation from Japan's colonial rule.

"The prime minister admitted in the letter that Japan's colonial rule caused damage and suffering to the Korean people," the spokesman said.

Murayama also said that the development of South Korea-Japan relations should be based on Japan's deep remorse for its past, he said.

"Prime Minister Murayama also expressed his sincere wish that South Korea and Japan, which share the values of freedom, democracy and a market economy, could further develop a friendly and cooperative relationship," the spokesman added.

Murayama sent the letter after the South Korean president expressed strong displeasure with Japan's attitude to its wartime wrongdoing in his Liberation Day message.

"We earnestly hope that our republic and Japan will be able to put the unfortunate past behind us once and for all and develop our relations in a future-oriented manner," Kim said in the Liberation Day message.

"Toward this end, I emphasize that it is most important that Japan properly recognizes and acknowledges its recent past," he said, echoing the view of many South Koreans.

The South Korean Foreign Ministry had reserved its full endorsement of the latest position of the Japanese prime minister saying only, in a statement Tuesday, that "The Seoul government will be watching the Japanese attitude in the future."

South Korea and Japan have often been at odds over the wording of Japanese leaders' statements on Japan's colonial rule of Korea and other wartime acts.

In Tuesday's statement, Murayama, a Socialist, employed such words as "aggression," "damage and suffering" and "deep remorse and heartfelt apology."

Some South Koreans, citing the selection of the words, said the statement was the most frank recognition of Japan's past ever made by a Japanese prime minister, while others say Japan has more to do.

Kim Tae-chung Criticizes Kim Yong-sam

SK1608023995 Seoul THE KOREA TIMES in English
16 Aug 95 p 2

[FBIS Transcribed Text] Kim Tae-chung, now creating a new political party called National Congress for New Politics [NCNP], has blasted President Kim Yong-sam for failing to produce any proposal to North Korea.

He asked about the comments made by ranking government officials concerning an important proposal to the North President Kim would make on National Liberation Day.

In an independent ceremony commemorating the 50th National Liberation Day, NCNP leader Kim said the

President cannot evade criticism for not following through on his policy if he doesn't make the proposal this time despite recent difficulties in relations with North Korea.

He did not take part in the government ceremony at Sejong Boulevard in front of Kwanghwamun Gate where President Kim delivered his Liberation Day speech.

Kim Chong-pil, president of the United Liberal Democrats, and Yi Ki-taek, president of the opposition Democratic Party did attend the ceremony, however.

NCNP leader Kim said the current administration should not monopolize the debate on the national reunification issue and the contact with North Korea, arguing that its policymaking process has been without public participation and cooperation and is very unsatisfactory.

He went on to say that free debate on the national reunification issue should be guaranteed even though policy-making and execution should remain in the exclusive domain of the administration.

The three years of the U.S. military government immediately after the fall of Japan in 1945 and the 12 year-reign of Syngman Rhee thereafter were the days of collapse of independent fighters. Ironically, those who cooperated with the Japanese colonial government prospered, thus seriously damaging the nation's legitimacy.

Turning to the issue of the demolition of the National Museum, which Japan built as its governor-general's office, the opposition party leader said what should have come before-hand is rectification of national history from a correct perspective because it was severely distorted by colonialists' viewpoints.

Dailies Comment on Kim Yong-sam's Speech **SK1608085395**

[FBIS Editorial Report] The following is a compilation of ROK vernacular newspaper comments on President Kim Yong-sam's speech delivered at a commemorative meeting on the 50th anniversary of national liberation on 15 August 1995.

Moderate TONG-A ILBO carries on page 3 a 1,000-word editorial entitled "Reconciliation, Peace, and Prosperity." The editorial first says that "securing permanent peace on the Korean peninsula is the most important task," adding that "the problem is not simple because the North Korean regime is a group that is the most difficult to deal with in the world." It adds: "Therefore, it is necessary to deal with the North Korean regime in a supra-partisan manner based on popular consensus on the North-South problem. The government must pay

attention to the fact that it has been pointed out that problems are building up because the government alone is hastily handling North Korean affairs."

The editorial went on to say: "Peace is not given free. National power is a basis that guarantees peace. We must have power. We must first consolidate ourselves and achieve unity to build a respectable country."

The editorial then says that Kim Yong-sam failed to mention ways to restore the honor of those involved in the Kwangju democracy movement, saying: "It is not reasonable the fact that the government does nothing about their criminal records even after defining the movement as 'righteous.'" The editorial concludes by saying: "Political factions, regions, organizations, and individuals must not seek their own immediate interests but should have the perception that they are members of a single community."

Moderate CHUNGANG ILBO carries on page 5 an 800-word editorial entitled "President Kim's Theory on a First-class Country." Referring to Kim Yong-sam's proposal to make the country a "first-class country," the editorial says that a task that must be accomplished without fail before the ROK becomes a first-class country is reunification, adding: "The government's repeated mistakes and unprincipled handling of North-South affairs have made North Korea all the more arrogant." It went on to say: "To ensure that the remarks about a first-class country do not end in empty words, the government must make efforts to achieve consistency and build trust in carrying out its policy toward North Korea and its policies on state affairs. The government must be the first to make efforts to become a first-class government and boost the people's confidence."

Moderate HANGUK ILBO carries on page 3 a 1,000-word editorial entitled "Attitude in Advancing Proposals to North Korea."

The editorial first says that Kim Yong-sam seems to have decided not to advance momentous proposals in his speech because of strained North-South relations and people's criticism of the government's handling of North-South affairs. After reiterating major points of the speech, the editorial concludes: "At a time when North-South relations have worsened because of the light-water reactors and the rice supply, it will be the meaningful commemoration of the anniversary of the national liberation if the North and South jointly ponder how important it is to secure permanent peace on the Korean peninsula."

Pro-government SEOUL SINMUN carries on page 3 an 800-word editorial entitled "We Can Become a

First-class Country Through First-class Politics." The editorial first says that Kim Yong-sam's congratulatory message is of particular significance. Referring to the call for building a first-class country, the editorial says: "Only first-class people can bring about first-class politics and politicians. We think that a low-class attitude in which one does not harshly deal with low-class politicians but condones them will make it difficult to bring about advanced politics."

Left-leaning HANGYORE SINMUN carries an 800-word editorial entitled "15 August Congratulations Speech in Which No Proposal to North Korea Was Advanced."

The editorial first says that Kim Yong-sam's congratulatory speech on the anniversary of national liberation "failed to meet the people's expectations" that "weighty proposals to North Korea would reverse the tides of the half-century history of national division." In response to Kim Yong-sam's reference to a need to build a peace regime, the editorial says that this seems to be the "declaration that he would no longer assume a passive attitude toward a peace regime and a peace agreement." The editorial went on to say: "However, we do not feel the government's new policy direction is refreshing, because no new attempt or will to secure permanent peace can be felt from the principle which Kim Yong-sam presented in the speech."

Conservative CHOSON ILBO and moderate KYONGHYANG SINMUN each carry a 800-word article by a reporter and a 1,000-word article by a reporter with no reaction or comment. The articles merely detail main points of Kim Yong-sam's speech.

Foreign Ministry To Mark UN Anniversary

SK1608071795 Seoul YONHAP in English
0640 GMT 16 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 16 (YONHAP) — The Foreign Ministry will hold model United Nations meetings Thursday with 197 students and professors attending to commemorate the 50th anniversary of the world organization's founding, a ministry spokesman said Wednesday.

The model UN meetings will consist of a General Assembly, UN Security Council (UNSC), the UN Economic and Social Council and a UN convention which will address the situation in Bosnia-Herzegovina, global warming and issues on women, according to the spokesman.

Messages from President Kim Yong-sam and UN Secretary General Butrus Butrus-Ghali will be read at the opening ceremony to be held at the Institute of For-

eign Affairs and National Security (IFANS) in southern Seoul.

Foreign Minister Kong No-myong will also make a speech at the opening ceremony before giving a reception for participants of the meetings which will last for three days.

The model UN event is co-sponsored by the CHOSON-ILBO, a vernacular daily, the Korean United Nations Association and the Korea Committee to commemorate the 50th anniversary of the United Nations founding.

ROK Considers Early Launch of Satellite

SK1608091195 Seoul YONHAP in English
0846 GMT 16 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 16 (YONHAP) — Now that the life of the Mugunghwa Satellite or Koreasat I, the country's first multi-purpose satellite launched on Aug. 5, will inevitably be shortened due to unexpected fuel consumption caused by an orbit change, the government is considering the possibility of launching Koreasat III earlier than originally anticipated, following the launching in December of Koreasat II.

Information and Communication Minister Kyong Sang-hyon told reporters Wednesday, "A shortened life span for Koreasat I is being anticipated due to the changes that occurred when the satellite began its orbit. In view of the country's demand for communication and broadcast satellites, we think it may be necessary to launch Koreasat III at an earlier date."

Kyong declined to speculate when Koreasat III will be launched, but noted that the advanced technology can now produce a satellite in as short as two and a half years.

Should a private enterprise decide to contribute to the early launch of Koreasat III, the government will render it positive support, Kyong said.

If and when the life of Koreasat I is shortened to about five years, after which Koreasat II will function as the major multi-purpose satellite of the country, and Koreasat III as a supplementary one, Koreasat III will have to be launched no later than the year 2000.

Scientists Oppose Nuclear Research Facility

SK1608103095 Seoul HANGUK ILBO in Korean
16 Aug 95 p 20

[Report by Son Yon-kyun]

[FBIS Translated Text] Some scientists are resisting the construction of a nuclear fusion research facility, which

is being pushed by the government as a national project, thus causing a stir in public opinion.

President Kim Yong-sam revealed "the plan to launch the development of nuclear fusion technology" during an informal talk with U.S.-resident Korean scientists on 23 July while visiting the United States. Following this, the plan to build a nuclear fusion research facility was pushed ahead at full scale. The Ministry of Science and Technology [MOST] worked out a blueprint to build a world-standard compact superconductivity Tokamak [as transliterated] nuclear fusion research facility by investing 120 billion won by 2001, and held a public hearing on 11 and 12 August.

Nuclear fusion is a technology that extracts energy from the process of converting small and light atomic nuclei into large atomic nuclei through their forcible fusion. Since it uses heavy hydrogen and tritium contained in water, its source is limitless, and it is free from environmental contamination associated with radioactivity. Thus, it is called the energy of dreams.

However, some senior scientists oppose the plan, asserting "this is an 'empty promise' that cannot be realized."

Cho Chang-hwa, 59, a senior professor at the Korea Advanced Institute of Science and Technology, stressed: "Research in nuclear fusion is desirable. However, under the circumstances in which manpower and funds for basic scientific research are limited, it is preposterous to build an ultramodern research facility by utilizing enormous amounts of money." Professor Cho pointed out: "Even in the United States, nuclear fusion research remained as the only project with no successful fruition even though more than \$9 billion has been spent since 1950. Therefore, even if we install instruments and tools that needs to be purchased from foreign countries, the results and achievements of our research cannot be put into practice, thus resulting in a waste of money and in neglecting other basic scientific research." Professor Cho sent an article concerning the content of this plan, which bore the headline "ROK's Policy on Science Is a Laughing-Stock," to a paper run by Korean residents in the United States that carried his article in its 7 August edition.

A certain Dr. Yi, a senior scientist who asked not to be identified, said: "Even the United States assessed that nuclear fusion technology will not be used for commercial purposes until 2030, and thus delayed the construction of a research facility. Even if a world-standard facility is built in our country, this does not mean our nation has entered into the ranks of advanced countries." Dr. Yi also emphasized: "MOST appears to be pushing for this project as one of their interim strategies for developing science and

technology. However, this plan ignores the poor and inferior quality of our basic domestic science research standards, thus causing various adverse effects." He added that formulating step-by-step research plans in compliance with the practical domestic situation is desirable.

As regards this, Dr. Yi Kyong-su, 39, from the Institute for Support of Basic Science Research, who works as executive secretary for the project to build a nuclear fusion research facility, emphasized: "The early stage of the 21st Century is the most appropriate time for nuclear fusion research, for then the life of research facilities owned by advanced countries will come to an end. Therefore, only if we begin the construction of a research facility now, can we enter the ranks of advanced countries in the field of nuclear fusion technology." Dr. Yi asserted: "At a time when we need faith that our nation can do this, skeptical views about the project will only plant a distrust in science among the people."

DP Shows Signs of Resolving Problems

*SK1608023895 Seoul YONHAP in English
0140 GMT 16 Aug 95*

[FBIS Transcribed Text] Seoul, Aug. 16 (YONHAP) — The opposition Democratic Party (DP), which has recently suffered from internal differences, is showing signs that it may be able to resolve its problems.

Rep. Yi Ki-taek, president of the opposition Democratic Party, said Wednesday that he will accept a co-chairmen leadership system in a compromise with his opponents, but only under the condition that Vice Speaker Hong Yong-ki be made one of the chairmen.

His remarks came a day after he met with Rep. Kim Won-ki, vice DP president and leader of Yi's opponents, to discuss ways to reorganize the party's leadership system. At the meeting, Rep. Yi proposed that he and Rep. Hong be the co-chairmen.

Shortly after the June 27 local elections, former opposition leader Kim Tae-chung inaugurated a party and 54 lawmakers from the DP followed him and joined the new party.

The remaining 42 lawmakers are divided into two factions — those who demand the resignation of Rep. Yi as DP president and those who remain loyal to him.

"The co-chairman who I will work with should be a respected person who can adjust to the positions of both factions. I cannot accept any person but Rep. Hong as the other co-chairman," Rep. Yi said to reporters.

He added that the co-chairmen leadership system is only a temporary settlement of the internal trouble and that after the settlement, the party should hold a national convention in December to truly reorganize the party's leadership.

Kim Tae-chung Views Reunification Policy

SK1608070595 Seoul CHUNGANG ILBO in Korean
16 Aug 95 p 2

[Report by Kim Chin-kuk]

[FBIS Translated Text] Kim Tae-chung, chairman of the Preparatory Committee of the National Congress for New Politics [NCNP], on 15 August claimed that "the government should not monopolize discussions of reunification and contacts with North Korea."

In a speech made during the ceremony held exclusively by the NCNP in the grand conference hall of the parliamentary office building in the National Assembly to mark the 50th anniversary of national liberation, Chairman Kim criticized that "the Kim Yong-sam regime's policy toward North Korea is exceedingly unsatisfactory lacking the people's participation or cooperation." He then stressed that "the establishment and execution of policies on North Korea should be unified into the government. However, diversification of discussions of reunification and contacts with North Korea should be ensured by all means."

Chairman Kim revealed that for this, a special organization will be formed within the NCNP to deal with the reunification issue and to constantly seek for ways for dialogue, discussions, and cooperation with the government.

He said, however, that acts such as abruptly visiting North Korea and meeting with North Korean officials without discussions with the government may evoke North Korea's miscalculation and make people not want to discuss reunification, thus causing adverse effects. Therefore, he disagrees with them.

Chairman Kim said that "since the government's reunification policy is unclear, wavering from one extreme

to another, North Korea has completely deprived us of being able to take the initiative. This being the case, the government failed to put forward a consistent vision." By sternly criticizing President Kim's policy on North Korea, Chairman Kim pointed out: "In particular, the president's speech made on the 50th anniversary of national liberation showed no change whatsoever from the past and his position remained the same as in the old times. Thus, I cannot but be dumbfounded by it and can hardly repress the sense of disappointment."

With regards to the announcement of the expiration of public action against those involved in the 18 May incident [Kwangju popular uprising in 1980], Chairman Kim criticized that "the incumbent government intentionally avoided their investigation." He declared that he will see to it that a special law be enacted for extension of the validity of prosecution and that thoroughgoing investigation of the truth be carried out by introducing a special independent prosecutor system.

Prosecution Ends Probe on Alleged Slush Fund

SK1608090195 Seoul YONHAP in English
0829 GMT 16 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 16 (YONHAP) — The prosecution on Wednesday decided to wrap up its investigation into the controversial remarks of former Government Administration Minister So Sok-chae which alleged that a former president, either Chon Tu-hwan or No Tae-u, was hiding a slush fund estimated at 400 billion won (524. 93 million U.S. dollars) in accounts under false and borrowed names.

The prosecution made the decision after it failed to confirm the existence of bank accounts under the name of Yi Chang-su, who had been named as an alleged holder of part of the huge slush fund in his bank accounts, a prosecutor said.

"We made probes of Yi's bank accounts, which allegedly contained the controversial funds, at Citibank and 28 other domestic and foreign banks, but no accounts of Yi's were found at all," the prosecutor said.

Burma**IMF Article 4 Consultation Meeting Opens**

BK1508040595 Rangoon TV Myanmar Network in Burmese 1330 GMT 14 Aug 95

[FBIS Translated Text] A discussion meeting between the International Monetary Fund Article Four consultation mission and the ministries concerned opened at 0900 this morning in the conference hall of the Ministry of Finance and Revenue.

Brigadier General Win Tin, minister of finance and revenue, delivered an opening speech and Mr. (John R. Dorsworth), the head of the IMF mission, delivered a speech expressing thanks. The IMF mission will meet with ministries and departments concerned until 23 August and hold detailed discussions.

Delegation Meets Officials

BK1508145695

[FBIS Editorial Report] Rangoon Radio Myanmar in Burmese at 1330 GMT on 15 August carries two reports on the activities of the visiting International Monetary Fund Article Four consultation mission.

First, the radio reports that the delegation leader paid a courtesy call on Brigadier General Win Tin, minister of finance and revenue, at the latter's office. "They held cordial and frank talks on Myanmar's [Burma's] economic, monetary, and financial situation."

Later, the radio notes, the IMF Article Four consultation mission, "led by (John R. Dorsworth), head of the IMF Central Asia Division," held talks with Deputy Agriculture Minister U Tin Hlaing and a delegation from the Agriculture Ministry as well as responsible departmental officials from the Cooperatives and the National Planning and Economic Development Ministries at the agriculture minister's office in Rangoon.

"During the meeting, Deputy Agriculture Minister U Tin Hlaing explained development activities and future development prospects and a video report on agricultural development works was presented. The participants cordially and frankly exchanged views on developments in the agricultural sector."

Rangoon Radio Reports 35 'Rebels' Surrender

BK1508150395 Rangoon Radio Myanmar in Burmese 1330 GMT 15 Aug 95

[FBIS Translated Text] Members of the armed groups in the jungle who have come to accept the genuine goodwill and activities of the State Law and Order Restoration Council have been giving up their armed struggle and surrendering continuously along with their arms and ammunitions at various Army camps.

Altogether, 35 rebels surrendered from 1 to 6 July. They were warmly welcomed by the responsible personnel at the camps and given the necessary assistance.

Brunei, Malaysia & Singapore**Malaysia****Minister: Nation Not To Join OIC Token Force**

BK1708084595 Kuala Lumpur Voice of Malaysia in English 0800 GMT 17 Aug 95

[FBIS Transcribed Text] Malaysia has rejected a request by the United Nations, UN, for the country to join a 100-member token force of the Organization of Islamic Conference [OIC] to be stationed at Goradze.

Defense Minister Syed Hamid Albar said that the UN request last Sunday might have an ulterior motive. The OIC token force is to replace two companies of the British Army and a company of the Ukrainian Army. He said if the UN is sincere in defending Goradze, the world body should accept the offer by Pakistan and other OIC member countries to send a battalion each.

He told a news conference in Kuala Lumpur that Malaysia is in fact prepared to send a mechanized battalion with equipment and arms equal to that of the battalions of the Western power to carry out the task.

Foreign Minister: No Appeal for GSP Extension

BK1608142195 Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 16 Aug 95

[FBIS Translated Text] Speaking at a news conference, the foreign minister said Malaysia will not make an appeal to the United States for the extension of the GSP [Generalized System of Preferences]. The special preferences given to Malaysia's export items to the country will end on 1 January 1997.

[Begin Badawi recording] We are of the opinion that we have come to a stage where we are highly capable—and the United States had also agreed that we have been successful—of carrying out development, trade, and commerce. Currently, we have been able to prove that we are capable of facing a highly competitive edge [preceding two words in English] and, therefore, we have reached a stage where we are at par with some other countries that have had their GSP status withdrawn. [end recording]

Singapore

Corporate Investment in PRC Increasing

BK1708110895 Singapore BUSINESS TIMES
in English 17 Aug 95

[Received via Internet]

[FBIS Transcribed Text] Singapore — Singapore companies reached agreement on 246 new projects in China with a total investment value of US\$846 million (about [Singapore dollar] S\$1.18 billion) in the first quarter of the year.

Of this, nearly 40 per cent or some US\$332 million has already been invested, according to the latest figures from the Chinese Embassy.

If this rate of investment is sustained, Singapore's investments in China will again breach the US\$3 billion mark this year. But whether they can break last year's record of US\$3.78 billion remains to be seen.

With the first-quarter figures, Singapore's cumulative investment commitments in China up to the end of March amounted to US\$9.47 billion in 4,811 projects — making it the fifth largest foreign investor in China.

Of the US\$9.47 billion, US\$2.4 billion had actually been invested.

Wang Yaping, first secretary in the embassy's Economic & Commercial Counsellor's office, pointed out to BUSINESS TIMES that the size of Singapore projects in China was getting bigger. The average size of projects decided on in the first quarter of this year is, at US\$3 million, more than double last year's US\$1.2 million.

"Singapore is getting involved in bigger projects, for example in infrastructure development," said Mr Wang.

Also, the ratio of the committed amount to the actual invested amount is falling. In 1993, for every \$6 committed, only \$1 was actually invested. The ratio was 3.2 to 1 last year, and this year it has moved to 2.5 to 1.

The lower ratio indicates that projects are getting off the ground faster and that more projects are being carried through.

The top three favourite spots for Singapore companies are Shandong, Jiangsu, and Shanghai, with committed investments of more than US\$1 billion each.

Singapore's cumulative contractual investments in Shandong at the end of the first quarter of this year amounted to US\$1.04 billion in 376 projects.

Mr Wang said most of Singapore's investments in Shandong were in infrastructure and value-added processing of agricultural produce.

Cambodia

Rangsi Rules Out Starting New Political Party

BK1708033695 Phnom Penh PHNOM PENH POST
in English 11-24 Aug 95 p 2

[Report by Jason Barber]

[FBIS Transcribed Text] Sam Rangsi has publicly ruled out starting a new political party — largely because he fears dangerous repercussions.

The former MP, expelled from the National Assembly in June in disputed legal circumstances, said last week he would tone down his political activities and concentrate on "social work".

He said he feared provoking intimidation or violence against he or his supporters if he took "too strong" a political line.

"First of all, I have to be able to stay in Cambodia," he said, speaking on a brief return trip to Cambodia, his first since going abroad after his expulsion.

"I think it is essential for me to be able to live in the country and work with people in the social field (in a way that) people who work with me don't face any danger."

Referring to his private bodyguards — who were detained and allegedly beaten by soldiers last month — he said: "I don't want those people to be harassed, to be jailed, to be beaten, to be tortured."

"It is not only my bodyguards but people who would support me if I formed a political party.

"Those who came to ask for membership cards, those who gave their houses to open (party) offices in the provinces. I think they would face a lot of stress and terrible problems."

There was no need to establish a new party, he said, when the next elections were three years away.

"But we can start to build a network. You don't need to build a political party, but a network of people who share the same ideas.

"I have been advised not to go ahead too fast and I agreed."

But Rangsi warned that further National Assembly expulsions — such as that of Buddhist Liberal Democratic Party (BLDP) MP's whose seats are in jeopardy — would inevitably produce an opposition alliance.

"If the top leaders of this country push for the expulsion of (BLDP's) Son Soubert, Koem Sokha, Pol Ham, Son

Sann, I think there will be a de facto alliance because many people will have no other way to do politics.

"The government must think about that. I know for sure they would not like an alliance to be created between BLDP, a faction of FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia], MOLINAKA [Cambodian National Liberation Movement], smaller political parties and myself."

He suggested the government was more afraid of a "peaceful, democratic, liberal, legal" opposition movement than the Khmer Rouge.

BLDP MP Son Soubert, whose father Son Sann heads one of two factions which have split the party, has previously said he could "of course" work with Rangsi.

Rangsi said "I haven't decided anything" in the long-term, but for now his priority was to help alleviate the problems of Khmers, such as food and water shortages.

"If you help dig canals and wells...nobody can say anything. All this work is not political work."

As for his reinstatement to the FUNCINPEC Party — which party secretary Prince Norodom Sirivut has publicly pledged to try to achieve — Rangsi said that was "not my main concern now."

"Prince Sirivut told me I should keep quiet, that he will arrange that I can be reintegrated into FUNCINPEC [National United Front for an Independent, Neutral, Peaceful and Cooperative Cambodia]...I just say 'OK' to Prince Sirivut, but I am not really hopeful."

Rangsi said he has little doubt the government did not want him in Cambodia.

While overseas, he had received many telephone calls, some anonymous and others from people claiming to be friends, suggesting he would be arrested or harmed if he returned to Cambodia.

He said even his mother in France was approached by people claiming to be motivated by concern for her son's well-being.

"She is afraid. She is 80 years old. She says 'Oh, let me die before you go back to Cambodia, I don't want to see you die before me'."

Rangsi left Cambodia again last week, for trips to the United States and Europe which he said had been scheduled long in advance.

He had previously visited France, Japan, Switzerland, England and Belgium, to meet foreign MP's.

His aims abroad, he said, were to publicize the political situation in Cambodia and urge actions to prevent more expulsions of MP's.

Rangsi was pleased with the number of foreign parliamentarians, and independent organizations, who had publicly opposed his expulsion.

He was diplomatic about the level of support from foreign governments, saying: "I understand that governments cannot intervene openly and I know even though many governments have not said anything officially, they have acted discreetly (to raise their concerns)."

Indonesia

Alatas Calls Australian Envoy on Flag Burning

BK1708054695 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 17 Aug 95

[FBIS Translated Text] Foreign Minister Ali Alatas has once again summoned Australian Ambassador to Indonesia Allan Taylor and sent a protest note to Canberra over the second Indonesian flag burning in Australia. Speaking to reporters in Jakarta, Minister Ali Alatas expressed his concern over the incident. It was the second time that Allan Taylor has been summoned to the Department of Foreign Affairs in a week. He was summoned to the department over the burning of an Indonesian flag during the joint military exercise codenamed Kangaroo 1995 in Melbourne and another one in Darwin.

Meanwhile, Brigadier General Suwarno Adiwijoyo, head of the Information Center of the Armed Forces of the Republic of Indonesia [ABRI], said ABRI strongly protested against the burning of the red and white flags by anti-Indonesian groups in Australia.

Human Rights Group Urges Political Reform

BK1708090895 Bangkok BANGKOK POST in English 17 Aug 95 p 6

[FBIS Transcribed Text] Indonesia is waiting for its democratic transformation, and Indonesians for more open space in political freedom 50 years after the country's independence, said a report released in Bangkok yesterday by a consortium of regional human rights organisations.

"The Constitution of 1945 which is still in force, and the legal and political structures that have developed under it still stifle the growth of any democratic practice," concluded the Asian Forum for Human Rights and Development (FORUM-ASIA), a Bangkok-based grouping of 20 human rights organisations in Southeast and South Asia.

"Indonesia 50 Years after Independence: Stability and Unity on a Culture of Fear" is a report — the first of its kind — on human rights put out by a regional organisation amid growing debate on Asian values providing different interpretations to the western concept of human rights.

FORUM-ASIA called on the Indonesian Government to release all political prisoners arrested in connection with the 1965 events of the Indonesian Communist Party's coup d'etat and to desist from using Pancasila as a means of imposing ideological control and restrict basic freedoms.

These two are among a list of recommendations for what will contribute to the country's political openness.

Pancasila is characterised by FORUM-ASIA as the one state ideology which is pervasively applied to suppress all other ideologies.

Together with Pancasila, the "influence of the state and of the Government is used to deny democracy to its citizens," noted the report, which is based on a recent visit to Indonesia by a FORUM-ASIA delegation.

Charles Abeysekara from Sri Lanka-based human rights organisation INFORM, who is part of the delegation, said there emerged indications of somewhat greater tolerance on parts of the authorities towards political associations and freedom of expression.

"Yet these may not indicate greater respect for human rights," as any real respect for universal human rights standards must address structural changes in Indonesia's legal and political systems, he said at a press conference to launch the report yesterday.

Unlike its counterpart publications by international human rights organisations, the FORUM-ASIA report is dedicated to probing Indonesia's legal and political structures and does not stress actual documentation of human rights violations.

However, it's the comprehension of these structures that leads to an understanding of Indonesia's situation, commented Michael Vatikiotis, author of the book "Indonesian Politics Under Suharto."

Besides the meaning of independence, the questions of increasing wealth gap among the haves and have-nots, and impact of socio-economic developments are being vigorously debated by the Indonesian public and intelligentsia, in the context of a build-up towards elections in 1997, he added.

At the same time, Indonesia is far from being a perfect model for Burma.

In what Sri Lanka human rights activist Abeysekara described as "alarming news," Burma's State Law and Order Restoration Council which seized power after the brutal suppression of pro-democracy movements in 1988 is reportedly drawing lessons from the political-security functions in Indonesia's style of ruling.

Indonesia's military forces still loom large over politics society and the economy therefore "there is no place in Indonesia for a civil society that is autonomous of the state," said the FORUM-ASIA report.

FORUM-ASIA regarded the situations in Aceh, East Timor and Irian Jaya as demonstrating Indonesia's authoritarian and centralising tendencies.

NGO's See Human Rights Abuses in Irian Jaya

BK1608093695 Jakarta SUARA PEMBARUAN
in Indonesian 15 Aug 95 p 19

[FBIS Translated Excerpt] Jakarta, 15 Aug—Several nongovernmental organization [NGO] activists have lodged a complaint to the National Commission on Human Rights in Jakarta on 14 August over human rights violations in Timika, Fakfak District, Irian Jaya Province.

Jayapura Bishop Monsignor H.F.M. Munninghoff said that from mid-1994 to mid-1995 there had been human rights violations in the form of summary executions, arrests, arbitrary detentions, torture, disappearances, and the destruction of property. The official report issued by the Irian Jaya Diocese followed a fact-finding mission by several NGO's, after which a statement of concern was made over these human rights violations.

Bambang Wijayanto S.H. [academic title], a spokesman for the NGO's and a representative of the Indonesian Legal Aid Institute, said that based on the diocese's report, 11 people from Timika were killed in an incident that took place on 11 May 1995.

At that time, several civilians and a clergyman of the Amungme tribe were surrounded and shot at by security authorities in Paniai. They were shot at in the forest because they were suspected of being members of the OPM [Free Papua Movement].

Four members of the Kwalik family disappeared after they were detained at an Army post in Koperapoka on 6 October 1994.

There were also arrests, torture, and the arbitrary detention of 40 civilians and tribal chiefs in separate locations, including in workshops belonging to the Freeport Company, Ltd. from October 1994 to January 1995.

Munninghoff said the Freeport Co. Ltd. is morally responsible for the human rights violations because the Amungme tribesmen, who live in the Jayawijaya mountains, have become victims due to their protest and opposition to Freeport's indiscriminate exploitation of natural resources in the area. Freeport's action has led to the destruction of the environment and local customs. Every time the tribesmen stage a protest demonstration, the security authorities and Freeport always accuse them of being activists of the GPK [Security Disturbance Movement]. [passage omitted]

Official Notes Favorable '94 Trade Surplus

*BK1608110495 Jakarta SUARA PEMBARUAN
in Indonesian 15 Aug 95 p 4*

[FBIS Translated Excerpt] Jakarta, 15 August — The United States has recently become one of the major importers of Indonesia's agricultural commodities. The 1994 trade surplus was still in Indonesia's favor despite a need for 50 percent of the cotton supply from the United States.

Husein Aminuddin, general chairman of the Association of the Joint Sectoral Weaving Industry, told reporters this after a meeting with U.S. Secretary for Agriculture Dan Glickman in Jakarta on Monday.

He explained that Indonesia's exports in 1994 amounted to U.S.\$5.8 billion while imports from the United States amounted to U.S.\$3.6 billion. As such, Indonesia's trade surplus amounted to U.S.\$2.2 billion.

He said: "This figure indicates that the United States has currently become a beneficial trading partner. Evidently, this also indicates that Indonesia is currently experiencing rapid development in trade, particularly in agricultural products."

He later disclosed that Indonesia was previously dependent on the U.S. assistance program for its imports of agricultural products. However, Indonesia is currently making purchases in cash.

He added that apart from this, the country's agricultural export commodities amounted to U.S.\$1.7 billion in 1994 while its imports from the United States only amounted to U.S.\$530 million, which includes the import of cotton. The United States currently exports several agricultural commodities, among which are cotton, soybeans, wheat, and meat.

In an effort to create balanced trade, the USDA introduced an export credit guarantee (GSM 102). Based on this facility, the United States intends to increase its exports of agricultural commodities and timber products. [passage omitted]

Philippines

Tighter Security on Air Carriers From U.S.

*BK1708075695 Manila BUSINESS WORLD
in English 15 Aug 95 p 12*

[FBIS Transcribed Text] The government apparently wants to turn the tables on the United States as the Manila International Airport Authority (MIAA) said it will tighten the security watch on air carriers coming from the US.

A senior official from the Department of Transportation and Communication (DoTC) who requested anonymity said the MIAA will effect a stricter watch on airlines coming from the US in view of a recent report where a passenger from Guam was arrested for attempting to smuggle a handgun.

The US Department of Transportation (US-DoT) recently directed air carriers to warn passengers buying tickets for travel between the US and Manila on the inadequate security measures being implemented at the Ninoy Aquino International Airport.

Another ranking official of the DoTC also said the Air Transportation Office (ATO) will also be more rigid in inspecting aircraft parts by US-based manufacturers.

The source said the ATO has been receiving reports that US-based aircraft manufacturers have been dumping substandard spare parts in the domestic market.

James Nealon, United States Information Service spokesperson, said the US Government will not be issuing any statement unless it receives an official directive from the Philippine Government.

New Act Allows More Foreign Investment

*BK1508070895 Manila THE MANILA CHRONICLE
in English 10 Aug 95 p 9*

[Report by Jennifer D. Baldivino]

[FBIS Transcribed Text] Foreigners can now enjoy greater participation in the build-operate-transfer [BOT] program of the government following the National Economic and Development Authority (NEDA) Board's approval of amendments to the Foreign Investment Act (FIA).

This was revealed by NEDA Director General and Socio-Economic Planning Secretary Cielito F. Habito during the board's monthly meeting held in Malacanang yesterday.

The amendments made in FIA pertain to List A of the first regular foreign investment negative list (RFINL).

This list cites the investment areas where foreign equity is non-abundant or restricted as mandated by the Constitution.

Under the item 10 of the list, infrastructure development projects covered by the Republic Act (RA) 7718 or the Expanded BOT Law and projects which are foreign financed and obligated to put up with international competitive bidding were included as exceptions to public works contracts whose foreign equity participation is limited to 25%.

Likewise, in the item 17, which is the list of construction activities wherein foreign equity is restricted to 40%, letter D on the construction of public utilities was abolished. This would mean that contractors with more than 40% foreign equity may now be involved in the construction stage of the BOT projects.

However, the equity requirement for project benefactors and facility operator of BOT project requiring public utility franchises is still restricted to 40%. This was included as additional item in List A.

Habito explained that these amendments are important to make the FIA consistent and unvarying with the provisions of the Expanded BOT Law.

"This will ensure that investors will not be confused with our country's investment law," Habito added.

Meanwhile, President Fidel V. Ramos, who chairs the National Economic and Development Authority (NEDA) Board, yesterday approved seven socio-economic projects with a total cost of over five billion pesos.

The approval of the projects were based upon recommendations made by the Investment Coordinating Council (ICC).

Socio-economic Planning Secretary and NEDA Director General Cielito F. Habito said that the projects cover such diverse areas as air and land transportation; power, energy, and electrification; agrarian reform; trade and industry; and environment and natural resources.

They include a P [pesos] 1.7 billion project or phase III of the modernization of the country's air navigation facilities; a P1.4 billion project for the creation of a Smart (SCATS) traffic signal system; and a P950 million project for the establishment of cottage and credit facilities for local government units (LGUs).

According to Habito, the navigation facilities modernization program is "in line with the Medium-Term Philippine Development Plan's (MTPDP) objective of ensuring the safety of transport services to meet the needs of an increasing population and the demands of a dynamic market."

The project involves the replacement, establishment and/or upgrading of air traffic services (ATS) and air navigation facilities (ANF) in 29 airports and sites nationwide. It will be funded under the Twentieth Yen Credit Package of Japan.

To ease the growing traffic situation in the metropolis, the Smart (SCATS) traffic signal system is a key component of the Updated Traffic and Transportation Management Plan for Metro Manila (1993-1998). The project is a three-phased program intended to replace the technology of traffic signalization in Metro Manila and upgrade it into an adaptive control system for increased efficiency. It will be funded through the Development Import Finance Facility of the Australian Government.

The next two projects, Habito explained, are under the trade and industry sector.

The first involves the establishment of a small, micro, and cottage enterprises finance project aimed at increasing the income, productivity, and access to resources of small entrepreneurs in the countryside.

The credit facility will be made available over a period of three to five years, and was made possible through a loan from Germany. The funds from this loan will be relent to qualified small, micro, and cottage enterprises engaged in manufacturing, off-farm processing and trading.

The second project calls for the establishment of a Danish Tied Mixed Credit Facility, which is a standard export credit facility to be made available by the Danish Export Finance Department and the Danish Government.

The facility will extend credit to local government units (LGUs) who are seeking to provide the basic water and environmental needs of their community through the acquisition of environmental protection/improvement and water supply resources of Danish exporters.

Other approved ICC-projects include a P426 million project for the development of a viable agrarian reform communities in Southern Palawan; and a P506 million power project for the rehabilitation of the Sucat 2 and 3 Thermal Power Plants.

The last project, dubbed as Modernization of National Hydrographic and Marine Environment Activities, is aimed at strengthening the country's hydrographic and marine environment survey capabilities in order to produce up-to-date nautical charts, delimit maritime boundaries, and provide base information for the efficient management of the country's ocean resources.

It involves the acquisition of two hydrographic/oceanographic vessels with shipboard survey equipment, shore based support facilities, and manpower training.

Commission Grants Amnesty to 37 Military Rebels

*BK1708083695 Manila MANILA BULLETIN
in English 15 Aug 95 p 14*

[Report by Cena B. de Guzman]

[FBIS Transcribed Text] A total of 37 military rebels, who belong to the Rebolusyonaryong Alyansang Makabansa [Revolutionary Nationalist Alliance] (RAM) or the Alyansang Tapat sa Sambayanan [Loyal to the Nation Alliance] (ALTAS), have been granted amnesty by the National Amnesty Commission (NAC).

Among those granted amnesty were Lt. Col. Eduardo Kapunan of the RAM and Col. Oscar Canlas, Jr. of the ALTAS.

The NAC said 22 of the officers were granted amnesty by the Local Amnesty Board (LAB) of Metro Manila; 12, by the LAB of Cagayan de Oro City; one, by the LAB of Iloilo City, and two, by the LAB of Baguio City.

The Armed Forces of the Philippines [AFP] said the list of the rebel soldiers granted amnesty is a clear manifestation of the government's sincerity to the peace process.

"With this development, it is expected that more of our disgruntled brothers-in-arms will return to the folds of the law," Brig. Gen. Angelo Reyes, former AFP Civil Relations chief now head of the AFP deputy chief for operations, said recently.

This developed as Lt. Gen. Alfredo Filler, AFP vice chief of staff, said the RAM panel has submitted its complete list of members to the government panel for granting amnesty.

But Filler refused to reveal the exact number of RAM members included in the list, pointing out its confidentiality.

Filler said only the RAM and the government panel are in the best position to discuss the matter.

Thailand

Further Reportage on Murder of Burmese Fishermen

Banhan Expresses Regret

*BK1708073195 Bangkok THE NATION in English
17 Aug 95 p A1, A3*

[FBIS Transcribed Text] Prime Minister Banhan Sinlapa-acha yesterday moved to placate Rangoon by saying he would send a letter of condolence and regret over the alleged killing 10 days ago of at least two Burmese fishermen on a Thai trawler.

Defence Minister Gen [General] Chawalit Yongchaiyut will personally deliver the letter when he visits Rangoon next month.

Meanwhile, military and government leaders yesterday expressed their regret over the violent incident and pledged to bring the culprits to justice.

Several Burmese fishermen were reportedly beaten and thrown overboard by Thai crewmen in the attack and some are still missing.

Banhan's action and comments on the incident were seen as an effort to demonstrate to the Burmese junta the Thai government's seriousness in resolving the problem. He said he planned to inspect Thai-Burmese border areas next week.

The premier instructed Foreign Minister Kasemsamson Kasemsi to open talks with his Burmese counterpart to find means to resolve a number of border conflicts and disputes which have strained bilateral relations since early this year.

He also ordered local authorities in Ranong to investigate the killings and bring the culprits to justice. Ranong law enforcement officers were told to tighten up on border security and restrict the employment of Burmese immigrants in the local fishery industry.

Banhan, also interior minister, said his letter would be personally handed to the ruling Burmese State Law and Order Restoration Council (SLORC) by Chawalit during his visit to Rangoon on Sept 1-2.

The premier expressed hope that his letter would help improve the tense situation along the border and mend the sour relations between the two countries.

He said the killings were an act of retaliation against Burmese fishermen working on Thai trawlers who had informed Burmese authorities about illegal fishing activities by the Thai companies in Burmese waters.

Banhan said he had ordered special patrols in Thai waters to prevent similar violence.

He said the Foreign Ministry had informed its Burmese counterpart that Thai authorities are investigating the case urgently and hoped to bring the culprits to justice soon. Several Thai suspects had already been arrested, he added.

"Border clashes can take place very easily and (all parties) have to be careful. I have ordered patrols of not only the land frontier but also territorial waters," he said, adding that next week he would meet Border Patrol Police to brief them on national policy.

Deputy Interior Minister Suchat Tancharoen, who was instructed by Banhan to make an urgent one-day fact-finding visit yesterday to Ranong, said during the trip that he had told Ranong Governor Sathit Saengsi to accelerate the investigation into the killings to prove to the Burmese leaders Thailand's seriousness in punishing the culprits and the importance the Kingdom places on Thai-Burmese relations.

Trawler owners would also be punished if they were found to have been involved, he added.

Sathit said he believed the Thai skipper and fishermen who were accused in the attack must have been acting on instructions, and police were now investigating whether someone was behind the violence.

Suchat said the incident was the result of Thai investors and businessmen not following their fishing agreements with Burma. He said the Ranong governor had been told to inform Thai entrepreneurs doing businesses with Burma to strictly adhere to their contracts with Rangoon.

Sathit said he had already contacted the Narong Canning Company, which had hired the Burmese victims, to pay compensation for the deaths. He also urged Thais to avoid the area where the killings took place for their own safety.

Foreign Minister Kasemsamoson said Thailand would speed up the investigation of the murder and act to prevent similar incidents.

Kasemsamoson said Banhan had shown great concern by involving himself in the case. The Cabinet was informed of the incident on Tuesday and the Foreign Ministry, as well as the Defence, Commerce and Interior ministries, all have a vested interest in seeing the case resolved.

Deputy Foreign Ministry Permanent Secretary Sarot Chawanawirat said the government would address the issue of compensation for the deaths after authorities had received more information.

Assistant Army Chief Gen Chetha Thanacharo said the SLORC was pleased to see that the Thai government was seriously taking up the case and held no grudge against Thailand.

The Burmese closing last Thursday of its border crossing at Kawthaung, or Victoria Point, opposite Thailand's Ranong province, was a temporary measure and it could soon be reopened, Chetha said.

Foreign Ministry To Investigate

BK1608161095 Bangkok Radio Thailand Network
in Thai 1200 GMT 16 Aug 95

[FBIS Translated Text] Foreign Minister M.R. Kasemsamoson Kasemsi reported to newsmen that the cabinet has already taken up for study the issue of the murder of Burmese fishermen. He said the prime minister has given a special order that all agencies take prompt action to investigate the problem. The procedures should first be aimed at finding a solution to the problem so that Thailand's relations with Burma are not affected and, second, at finding ways to prevent the recurrence of such incidents.

The minister pledged that the Foreign Ministry would seriously pursue the matter through coordination with the Interior Ministry and other government agencies.

Commenting on this issue, Sarot Chawanawirat, deputy permanent secretary of the Foreign Ministry, said that Thailand would conduct an investigation through its just legal system. He said the prime minister had ordered Deputy Interior Minister Suchat Tancharoen to visit the border area to learn about the situation at the scene. The findings would be used as criteria in solving the problem. Thailand wants Burma to know that it is sincere about finding a just solution to the problem.

Deputy Interior Minister Suchat Tancharoen, who had made a trip to the border area in Ranong Province, reported that Burma issued a protest note to the Foreign Ministry. The note accused Thai nationals of overreacting and called upon the Ranong governor to take action under the legal framework of both criminal and civil procedures.

Suchat said he stressed to local authorities that it is the government's policy to reduce suspicion between Thai nationals and their neighbors. Local authorities were told to be strict in performing their duties and to stress to Thai fishermen that they must respect the rights and laws of their neighbors in order not to affect good relations. Otherwise, their own occupation and the economy of the region and of Thailand itself would be in jeopardy.

Burma Cancels Fishing Venture

*BK1708125595 Bangkok Voice of Free Asia in Thai
1030 GMT 17 Aug 95*

[FBIS Translated Text] According to a report from Kawthaung, Burma, the Burmese Government has ordered about 200 Thai fishing boats belonging to five Thai companies that were granted joint venture concessions to return to the inspection port at Mergui by today. The order instructed that all fishing papers of all Thai companies be confiscated and canceled. An instruction was also issued to deal drastically with any Thai fishing boat that violated the fishing agreement with Burma.

The five Thai companies that received fishing concessions in the form of joint ventures in Burma were: NCC, which operated 38-40 trawlers; Hansawadi Company, which had 40 trawlers; OMK Company, which had 50 trawlers; KVE Company, which operated 25 trawlers; and IHI Company, which had 20 trawlers.

The Fishery Department predicts that all major Thai companies involved in fish related business will be negatively affected by the Burmese Government's cancellation of the fishing concessions.

Fishery Department Director General Plotprasop Suratsawadi said the Burmese side must be accountable for what happened as well. This is because Burma refused to follow the agreement reached by the Joint Thai-Burmese Border Committee, which concurred at a meeting in Rangoon that the Thai Fishery Department would screen Thai boats fishing in Burma. The Thai side submitted the list of some 100 screened Thai boats, but Burma declined to accept these boats and instead gave concessions to the above five companies. Burma felt that fishing under the terms of the Joint Border Committee's agreement was in the form of a concession, while the five companies operated in the form of a joint venture.

Official on U.S. Reinstatement of Tobacco Quota

*BK1708091095 Bangkok THE NATION in English
17 Aug 95 p B2*

[FBIS Transcribed Text] The United States Trade Representative (USTR) has agreed to reinstate the Thai tobacco quota to 7,000 tonnes per year, said Kopsak Chutikun, the director general of the Department of Economic Affairs at the Foreign Ministry.

Earlier, the U.S. government had reduced the quota in response to pressure from American tobacco producers.

"Despite resistance from U.S. congressmen from tobacco producing states and tobacco companies, the government has decided to return the quota," said Kopsak.

Since Thailand is not considered a major tobacco exporter and does not command over five per cent of the U.S. market, Kopsak said the U.S. quota reduction would contravene rules of General Agreement on Tariffs and Trade (GATT).

He added that the reinstatement of the quota complies with the objectives of the Thai-U.S. Treaty of Amity and Cooperation. The treaty allows both Thai and U.S. firms full access to each other's market.

Kopsak said the 7,000 tonnes per year quota is sufficient, pointing to the fact Thailand currently exports only 5,000 tonnes of tobacco to the United States per year.

On the issue of the four remaining items from the original 15 items that were removed from the Generalized System of Preferences (GSP) list, Kopsak said it is understood that whenever the Thai Parliament passes a patent law, the USTR has the jurisdiction to return the GSP to Thailand without going through other channels.

He said the GSP, which expired on July 31, is expected to be extended by the U.S. Congress for a period of five years.

Minister Wants 'Big Brother' Role in Indochina

*BK1708063095 Bangkok THE NATION in English
17 Aug 95 p A2*

[FBIS Transcribed Text] Three hundred and fifty million baht has been set aside in the 1996 budget for the establishment of the Bt5 billion Indochina Fund, which will also get funding from the country's international reserves, Finance Minister Surakiat Sathianthai said yesterday.

Surakiat, who hopes to play a high-profile role in Indochina, has just returned from a trip to Vietnam.

He intends that Thailand should become a "big brother" in Indochina through the creation of the Indochina Fund, which would finance development projects in the region.

But it remains uncertain whether Surakiat will be able to get the fund off the ground. The proposal to draw U.S. \$200 million from Thailand's international reserves of U.S. \$35 billion to pitch into the fund could draw criticism from the opposition bloc.

Earlier, Prime Minister Banhan Sinlapa-acha indicated that he had not so far been consulted about the Indochina Fund and he was not sure where the funds would come from. He said the maker would receive attention from the Cabinet.

During a courtesy visit to Vietnamese Prime Minister Vo Van Kiet, Surakiat lobbied successfully for the

Krung Thai Bank to upgrade its status there from a representative office into a full-branch operation. Bangkok Bank Plc has been allowed to open a branch office in Ho Chi Minh City and a sub-branch in Hanoi.

Vietnamese Finance Minister Ho Te described the visit by Surakiat as "fruitful" and of significance in being the first ministerial visit since Vietnam became a member of ASEAN, the state-run Vietnam News reported.

"Though short, (it was) a fruitful visit," the paper quoted Ho Te as saying.

"Prime Minister Vo Van Kiet echoed these sentiments after meeting with the Thai finance minister for nearly an hour," Te added.

Surakiat described his meeting with the Vietnamese prime minister as "very useful and constructive," the paper said, adding that the guest delivered the host messages from Prime Minister Banhan Sinlapa-acha and former prime minister Chuan Likphai.

According to the Communist-run newspaper Nhan Dan, Prime Minister Vo Van Kiet also spoke of the importance of the financial sector in administrative reform in the country, saying that cooperation in this field was welcome.

"Any success to be achieved in any cooperation between Vietnam and Thailand will contribute to the good development of ASEAN," the paper quoted Kiet as saying.

"Vietnam News" reported that during their talks on Monday, the two finance ministers discussed issues of mutual interest and agreed upon future courses of action. The securities market, monetary and fiscal policies, taxation, regional development and general macro-economic policies were among the topics discussed.

It was decided the countries would share experiences and cooperate in training programmes, as well as hold regular exchange visits, the paper said.

To that end, a joint-committee on finance, to be chaired by senior economic officials, would be set up after more discussions to be held during Ho Te's forthcoming trip to Thailand. The date of the visit has yet to be agreed, the paper said.

Minister Endorses UN's 'Preventive Diplomacy'

*BK1608072595 Bangkok BANGKOK POST
in English 16 Aug 95 p 2*

[FBIS Transcribed Text] Foreign Minister Kasemsamson Kasemsi yesterday voiced support for United Nations' preventive diplomacy as a means of securing regional peace and stability.

Speaking at the Exhibition on Cooperation between Thailand and the UN, he said Southeast Asian countries were applying the UN approach for "advancing towards a higher stage in safe-guarding peace and security" as they enter the 21st century.

The Association of Southeast Asian Nations adopts preventive diplomacy in the ASEAN Regional Forum which aims to prevent conflict in East and Southeast Asia through dialogue. Major Pacific and European powers with a role in the region support the strategy.

"Preventive diplomacy is now being experimented in Southeast Asia and in the wider context of the Asia-Pacific region," M.R. Kasemsamoson said in opening the exhibition marking the 50th anniversary of the UN.

Proposed by UN Secretary General Butrus Butrus-Ghali in 1992, preventive diplomacy aims to maintain, reinforce and build world peace.

UN member countries which previously engaged in fierce competition, were cooperating more to protect mutual interests, M.R. Kasemsamoson said.

Minister Wants Farm Products in AFTA Plan

*BK1608035795 Bangkok BANGKOK POST
in English 16 Aug 95 p 18*

[FBIS Transcribed Text] Thailand will stand firm and push for the inclusion of unprocessed agricultural products into the tariff reduction scheme of the ASEAN Free Trade Area [AFTA], according to Deputy Prime Minister Amnuai Wirawan.

He said Thailand will especially support including agricultural products for which the country stands to benefit most from market liberalisation.

Mr Amnuai cited rice as one example, since Thailand is the world's largest exporter.

Ultimately, he said, Thailand wants the list of excluded goods to be as small as possible. Some ASEAN members still have hundreds of products on their proposed lists.

Last month's ASEAN economic ministers' meeting in Brunei agreed to include unprocessed agricultural products in the tariff-reduction programme.

Mr Amnuai said Thailand would suggest at the next meeting that liberalisation of financial services be discussed. He said ASEAN members need to consider what types of services are ready to be liberalised.

Thailand stands ready to open its financial services market in several areas, he said, since it has adopted a financial master plan.

Discussing the implementation of foreign economic policies, he said the appropriateness of setting up a permanent agency to look after such matters will be considered.

Industry Move To Hire Foreign Laborers Viewed

*BK1008054495 Bangkok BANGKOK POST
in English 10 Aug 95 p 17*

[FBIS Transcribed Text] Thai industry wants to employ foreigners as low-wage labourers due to a shortage of unskilled Thai workers, but the move has been criticised as an attempt to undercut the labour market.

The Board of Trade and the Federation of Thai Industries asked Prime Minister Banhan Sinlapa-acha last week for legal access to the pool of labour formed by some 700,000 to one million illegal immigrants.

"What they want are workers who are not protected by Thai law," Aruni Siritieo of the Labour Confederation of Thailand said.

An Industry Ministry official also questioned the need for special measures.

"We have enough unskilled workers. I don't think we should import foreigners for this," Sa-ngop Phandokmai, the ministry's deputy permanent secretary, said.

Even critics agreed there were probably some sectors which could be opened to foreign unskilled labour — the fishery industry was mentioned by several sources.

But in other sectors, employers were accused of wanting to turn back the clock, undercutting the limited gains made over the last two decades.

"Thai workers have strived for 15-20 years to raise their wages. Now they're being undercut by Bangladeshis and Chinese" and other illegal workers, John Osolnick of the Asian-American Free Labour Institute said.

"To add insult to injury, their employers are telling them they have to import workers because they have gotten all the way up to 135 baht (\$5.40) a day," he said.

Even now the minimum wage is not universally enforced. Labour leaders and academics have said it is often treated as the maximum wage.

The prime minister was asked to conduct a comprehensive and confidential survey of illegal aliens to determine the needs of each economic sector Prayun Thaloengsi of the Board of Trade said. No one really knows how many foreigners are working illegally in the country now, or where they are needed, because employers would not tell the government that they have illegal workers, he said.

Most illegal aliens are from Burma or China, according to incomplete government statistics. A relief agency representative said there are about 400,000 illegal Burmese immigrants in Thailand.

Burmese workers on the border do the kinds of temporary daily labour Thais would rather not do at wages well below the legal minimum, and the relief worker had not encountered any hostility towards them on the part of the Thais.

But the industry associations want foreign workers to fill unskilled positions in large-scale operations facing competition from less developed labour markets in China and Southeast Asia.

This could bring these foreigners into direct competition for jobs with tens of millions of relatively unskilled and poorly educated Thai labourers.

Prayun said these Thai workers should be given the opportunity to acquire skills so they could take higher paying jobs, and that foreigners should be allowed to work legally where there are shortages.

Workers were needed for fishery industries, rubber plantations, the loading and unloading of cargo ships, construction and other sectors, Prayun said.

The Thai Garment Industries Association told AFP that a survey found about 30% of the industries' one million jobs vacant, and that almost all the vacancies were unskilled positions usually filled here by women.

But both the industry ministry official and Aruni, who used to lead a textile workers union, told AFP there were plenty of unskilled workers available.

"In fact there is a surplus of workers in the garment industry due to the use of new technology, which has resulted in layoffs," Aruni said.

Spokesman: Army Not Against Reform Plan

*BK1708092695 Bangkok BANGKOK POST
in English 17 Aug 95 p 2*

[FBIS Transcribed Text] The Government does not see the Army as having signalled, through an article published last week, that it totally disagrees with the political reform idea, Government spokesman Somsak Pritsanananthakun said yesterday.

Army News, the official biweekly newspaper of the Royal Thai Army, featured in its August 10 edition an article by an officer under the pen name "Lt-Col [Lieutenant Colonel] Thatthiam Yiamnakhon", which said it would likely be impossible that the Political Reform Committee would be able to drive its political reform plan to reach its goal.

According to the writer, the 35-member committee set up by the Government has no power at all to push for the House of Representatives and Senate to agree with its reform plan.

Without the approval of both chambers, the plan will never materialise. That is a matter of "taking away power from the powerful by the unpowerful," the writer said.

Mr Somsak said the Army has the right to criticise and that the Government will heed its criticism.

Comments made by the Army's writer may be intended to stimulate the Government to speed up bringing the reform idea into actual implementation, he said.

Mr Somsak said any parties having a misconception that the Government has set up the Political Reform Committee just to "buy time" or to paint a good image for itself should give the panel three months first.

He said the committee, chaired by Chat Thai MP for Suphan Buri Chumphon Sinlapa-acha, was confident it would be able to give a clearer picture on how politics would be reformed within that period.

The Government did not see the Army as having flashed any "signals" in its criticism. The Army, like the public, has the right and freedom to criticise the Government's performance.

"The Government has no duty to analyse which criticism will bring what results. We only listen to it and consider using it in solving national problems," Mr Somsak said.

Defence Minister Chawalit Yongchaiyut said the article reflected the idea of only one person, not the entire army.

Gen [General] Chawalit said political reform will go ahead as planned.

The Government is now waiting for results of the study of the Political Reform Committee before taking further action.

Gen Chawalit said the Government has been serious with the political reform plan and will try every means to make it achieve its goal.

However, the responsibility does not lie totally with the Political Reform Committee as that panel will work out implementation guidelines only. The reform also involves the issue of related laws such as those guaranteeing public access to state information and granting amnesty to political prisoners, Gen Chawalit said.

He played down remarks that the military has looked unsupportive on political reform which was feared may

lead to untoward incidents, saying the military actually has paid attention to political reform for more than 10 years.

The military's strategy to win back people who were members of the Communist Party of Thailand a decade ago was considered a big political reform issue, Gen Chawalit said.

Encouraging voters to elect good MPs and issuing the Tambon Council Act have also been part of political reform, he said.

Gen Chawalit said he saw no difference between the terms "political reform" and "political development", saying the wording is not important but it was the action that counts.

Army Chief Wimon Wongwanit earlier said he preferred the term "political development" to "political reform".

Banhan: No Change in Criteria for New Banks

*BK1608071395 Bangkok BANGKOK POST
in English 16 Aug 95 p 28*

[FBIS Transcribed Text] Prime Minister Banhan Sinlapa-acha yesterday insisted that the criteria on setting up new banks will not change.

The opening up of new banks was Thailand's attempt to liberalise its financial service sector. Tharin Nimman-hemin, former finance minister, declared the liberalisation in June before Parliament was dissolved. Five new banks will be allowed to set up.

Responding to a recent debate whether rules to set up new banks should be relaxed, Mr Banhan said his Government would follow steps drawn by Mr Tharin. For example the new bank should have 7.5 billion baht in registered capital.

But it is still uncertain whether rules are subject to change if no one applies. Mr Banhan said Bank of Thailand governor Wichit Suphinit viewed that current rules should be relaxed to attract more applicants.

According to Mr Wichit, finance firms could upgrade to full-scale commercial banks. Registered capital should be only five billion baht.

Mr Wichit said bank headquarters could be located in Bangkok, new banks could offer less than 50 percent of the shares to the public, and new banks should be formed in line with demand and supply, meaning more than five banks could set foot on Thai soil.

Yesterday, Finance Minister Surakiat Sathianthai said he did not know about Mr Banhan's views on liberalisation.

Rules of setting up new bank are being screened by the Council of State.

Mr Surakiat has been briefed about the matter twice by Mr Wichit. But he has not made a conclusion yet until pros and cons are thoroughly weighed.

He has floated ideas in line with Mr Wichit that new banks should be formed according to demand and supply rather than fixing the number of newcomers.

The idea has attracted reaction from current bankers.

Dr Nimit Nonthaphunthawat, Bangkok Bank's executive vice-president, said rules set by Mr Tharin were strict. As a result, only few would apply for licences.

But fewer players would render better stability for the industry as a whole.

Dr Nimit disagreed with efforts to relax registered capital requirements from 7.5 billion to five billion baht. Relaxation would induce a large number of small-scale banks to set up.

Therefore, they would be less competitive than large-scale banks. As a result, they would need help from other institutions.

Underlying reasons for allowing new banks are to have new medium-sized banks capable of competing with others.

Dr Nimit suggested a public hearing would be the best way to elicit and consolidate different views.

Kitti Phatphongphibun, Nakhonthon Bank's managing director, said amendments could be made in line with the current economic situation.

The criteria set by Mr Tharin was an attempt to disseminate development efforts to rural areas and enhance financial institutions' stability.

Hence, strict rules are imposed such as the registered capital minimum.

Nevertheless, the central bank helps new banks to compete by allowing them to open headquarters in provinces where the central bank already has regional offices, such as Khon Kaen and Hat Yai (Songkhla).

It is viable for the Government to allow financial institutions to upgrade or reduce their registered capital, he said.

But he said changes should still adhere to the General Agreement on Tariffs and Trade financial liberalisation.

A senior source in the banking sector said it was not easy for newcomers to come into play. Rules were tight even if registered capital was lowered to five billion baht.

It is now hard for investors to gauge benefits and losses and it is hard for new banks to penetrate the current market as it is dominated by long-time players.

He agreed with the notion that financial institutions could be upgraded to banks to sharpen competition in the industry.

Financial institutions have their own fields of expertise and although they have certain clients, they still would be better off if they were able to compete rather than having no entry point into the market, he said.

He said strict rules devised by Mr Tharin set up a barrier, even though it looked like Thailand was welcoming liberalisation.

Banhan on Income Distribution, Low Wages

95SE0165A Bangkok MATICHON in Thai 13 Jun 95
p 20

[Banhan Sinlapa-acha, the head of the Thai Nation Party, responds to questions submitted by MATICHON]

[FBIS Translated Excerpt] [Passage omitted] [MATICHON] 3. How would you solve the problem of income distribution so that there is the least disparity?

[Banhan] With regard to income distribution, we must emphasize the following policies:

1) Income distribution would be dealt with by distributing the foundation for prosperity to the countryside by urgently building the infrastructure such as roads between the regions and between the provinces, roads in the countryside, railroads, and a communications network to expand the information available on commodities prices and the data available on industry and investment, as well as finding sufficient sources of water.

2) A budget would be established to improve education and public health by arranging for good compulsory education and an education fund with low interest rates for education above the compulsory level and for vocational education. Therefore an adequate education fund would have to be set up for the poor. As for public health, hospitals and clinics would have to be set up with sufficient beds and medical equipment.

3) Investment would be encouraged and industry would be distributed to the countryside while the people in the countryside would be allowed to take part in specifying the direction and the type of investment in their localities as well as to listen to the views of the investors who would increase employment, distribute income and reduce migration to the cities.

4) A budget would be established to promote research on modern production technology which was appropriate in order to increase production and reduce the investment in imported technology.

5) The market for agricultural exports would be promoted through AFTA, APEC and cooperation with countries which provided new markets. The export market would be expanded to raise the prices for agricultural commodities. [passage omitted]

[MATICHON] 10. How would you solve the problem of prostitution and low wages?

[Banhan] The problem of low wages would need to be the subject of a three-sided discussion and is caused by economic and social factors. Rising wage rates, in addition to helping with the rising cost of living, would also be good for the economy because if labor were skilled, economic production would be more valuable, which would mean economic expansion and increased income for entrepreneurs who would be happy to pay more for labor.

As for the problem of prostitution, it is in fact the result of various problems, which have accumulated starting with the problem of the break-up of the family and the problem of poverty. With regard to these social problems, if we solve the basic problems and make the family stable using various measures to be taken in the future such as changing men's view of sex and reducing the practices destroying society such as beauty contests which provoke people and in addition solve the problems of poverty, income distribution, and providing opportunity in the countryside, then we will indirectly solve the problem of prostitution more effectively. Closing the brothels would not solve the problem of women working as prostitutes but would increase the number of people with limited opportunities. Nevertheless the government should increase the penalties for those organizing and supporting prostitution. To solve the problem of prostitution absolutely one must correct the causes by developing labor skills and increasing local production capabilities. When a good family has work, has a market for its goods, has sufficient income, has love and warmth and has other choices to achieve the good life, no one will become a prostitute.

The problem of low wages can be solved by improving the quality of labor and increasing labor skills. When labor has been developed, the value of the goods produced will increase, and employers will be agreeable to paying higher wages which will mean better compensation for workers. Therefore developing labor so that it has improved skills is necessary and important for Thailand to maintain its competitive capabilities so that

it can compete in the free world markets where competition is fierce now.

Business Leaders Discuss Policy Priorities

95SE0165B Bangkok THAI RAT in Thai 26 Jun 95
p 7

[FBIS Translated Excerpt] [Passage omitted] The target group for this opinion survey came from the owners of businesses in sectors such as the automobile industry, textiles, exports, banking, financial institutions, electrical generation, petroleum refining, construction, real estate, communications and telecommunications, steel, precious gems, petrochemicals, department stores and advertising. These businesses represented a total investment of 1 trillion baht. [passage omitted]

The problems, which were voted on by the 53 leading businessmen in Thailand who together would provide the sacred text for the new government to use in administering the country, consisted of:

1. Solving the Traffic Problem

This was considered the most important problem. The businessmen generally felt that the new government, which is to take office should solve this problem first; 37 out of 53 surveyed said that the traffic problem in the capital was so critical it was unbearable and was eroding the investment potential of the country. The foreign investors of all sorts whom the government was encouraging to invest in Thailand were looking for ways to invest in other countries because they could not stand the traffic problem in Bangkok, which was a crisis.

The businessmen felt that the government would have to brave deciding on some policy or measure to untangle this problem. They did not care what mass transit system was used whether it was underground, on the ground or in the air. And they reiterated that if this problem were not untangled, the investment potential of the country would be affected.

2. The Urgent Construction of Public Utilities.

The businessmen from various sectors cast their votes to express the opinion that the new government would have to solve this problem. Utilities, no matter whether they were electrical, water or telephone, would have to be built and provide adequate service to meet the demand of the people and especially to meet the needs of investment.

There were 21 businessmen who could not tolerate the state of the public utilities system, which the government had provided to support investment activities. They felt that any service or activity, which the government was not able to provide adequately for the people

and which the private sector could provide better than the government should be given up and the private sector allowed to run under free enterprise. They also said that one standard which foreign investors considered important was whether the various public utilities were adequate for demand or not.

3. Vision in Government Decisions

The "economic team" could almost not believe their ears when businessmen from many sectors considered this an issue of primary importance. But 20 businessmen out of 53 felt it was important for the new government to have vision, to be brave in making decisions and to dare to face the political storm when it had reached a decision. These businessmen did not want to dismantle or end the policies and projects of the last government because they felt that these should be continuing. Economic and investment policy should not be changed every time the government changed.

The decision-making process of the government sector which generally involved setting up many committees to evaluate things time and time again was felt to be a process devoid of vision and decisiveness which tended to fall under the influence of the government system thus causing it to be an obstacle to the economic development of the country.

4. Expediting Income Distribution

This was another primary problem, which they wanted the new government to deal with. They said that in the past the government sector had failed to eliminate the problem of the inequality in prosperity or reduce the chasms in society. These businessmen wanted policies, which would improve the quality of life for people in the countryside and localities in a concrete way so that prosperity was actually distributed to the provinces and not concentrated in Bangkok as had happened with government after government.

In addition 17 of those expressing opinions also felt that the failure of past governments to correct this problem and their inability to end the continuous flow of people from the countryside to Bangkok to find work had made Bangkok a big city filled with accumulating problems because the policy of developing prosperity in the provinces lacked anything concrete to carry out.

5. Building a System for Competing in the World Market

Many businesses felt that the system of the government sector was a problem which would have to be "overhauled" and rebuilt to make it conducive to raising the competitiveness of Thai goods in the world market. There were 23 who said that the tax structure would

have to be revised to facilitate trade and investment. The business sector felt that the government system was not conducive to investment and exporting. They expected that the new government would have to adopt the long view and use the tools of government to build competitive potential in the world markets while actively seeking new export markets and eliminating obstacles to private sector exports.

6. Reduce Government Power and End Under the Table Fees

There were 20 businessmen out of 53 interviewed who said that they did not want a government which was an obstacle to development and did not want a government which demanded that profits pass through a system which it controlled while they waited for the leftovers from the government system - a process which was difficult and confusing. What the businessmen wanted were policies which were straightforward and conducted in an orderly fashion and that the system not be used as a vehicle for personal gain and for the benefit of one's group. Of these businessmen some even said that they would like to see a society free from the fear of the government system and would like to see government officials provide services to the public equivalent to the taxes paid and not be preoccupied with controlling the people.

7. Abolish Monopolies - Open Up Investment

This appeared to be another problem, which businessmen from many sectors felt the same way about. They felt it was time for the government sector to open things up and stop being afraid that the private business which would carry on the state enterprises would seek to take advantage of the people especially in the basic services which the state used to monopolize. In general they felt that the private sector would do a better job no matter whether it involved telephone, communications, electricity, water or other basic services, which had been the monopolies of government enterprises.

With regard to privatizing government enterprises, the business sector generally felt that there would not be a genuine free market policy and that there would still be government sector restrictions or monopolies. There were 12 businessmen who felt this was an important problem and said that if the state ended its system of monopolies and opened up investment then they thought that the people would be compensated quickly and in keeping with demand.

8. Work as a Team - Stop Playing Politics

There were 15 businessmen who did not think it important who became Prime Minister or which parties formed the government and which the opposition. But

the government which was formed would have to place the economy before politics. It would have to work as a team and not be preoccupied with politics. They felt that if it considered economics as the principle issue in conducting policy, the government would be saved.

Even though it would have to be a coalition government which would have to divide the rewards within the coalition, nevertheless they felt that if the government coalition worked together and concentrated on correcting the economic problems and if the Prime Minister were strong and really made decisions for the benefit of the country, then the government would certainly complete its term without having to worry about confronting the opposition and playing politics.

9. Overhauling the Education System

There were 13 businessmen who felt that the problem of developing human resources was one which the new government should work hard to correct. They felt in the past this effort had failed, and the education system did not facilitate economic development and the development of the human resources needed for economic development.

The problem of the lack of skilled labor was related to the development of the education system. It was said that if this problem were not corrected, it would affect the investment potential of the country in general, which would fall, and would be a factor causing reductions in foreign investment and even Thai investment.

10. Correcting Pollution - Protecting Consumers

This was another problem, which the private sector wanted the new government to work hard on. In particular in regard to correcting the problem of pollution, they felt that past governments had not taken this problem seriously. Even though there was a unit responsible for the environment, it seemed that it was not serious about taking measures to deal with these problems. In addition they felt that this unit was not adequate and not only could not correct these problems but made the problems worse. [passage omitted]

Ministers Developing 'Master Plan' for Industry

BK1708075995 Bangkok BUSINESS DAY in English
17 Aug 95 p 3

[FBIS Transcribed Text] A master plan for trade and industry will be developed and submitted for Cabinet approval early next year, Industry Minister Chaiwat Sinsuwong and Commerce Minister Chuchip Hansawat announced yesterday during a round-table discussion at the Queen Sirikit National Convention Center in Bangkok.

The conference was entitled "Meet the Economic Ministers: The Banhan Administration."

Mr Chaiwat said: "We need a new offensive game plan for a new era of economic co-operation."

Mr Chuchip called for a concerted effort among government ministries and the private sector, to compete effectively in international business. "The time is ending for individualism. Trade war is borderless."

The master plan will call for cooperation among the Ministries of Industry, Commerce, Finance, and Agriculture, in partnership with the private sector.

Deputy Prime Minister Amnuai Wirawan set forth the basic elements of the Banhan government's economic strategy. "Inflation is enemy number one," he said.

The government will also work to maintain the stability of the baht against other currencies. It will seek to distribute income and prosperity — reduce the gap between provincial and urban areas, rich and poor. It will promote economic co-operation with neighboring countries, recognizing that the engine of economic growth is foreign trade.

The government will seek sustainable development by addressing Thailand's serious environmental problems.

It will promote human development, making education and training the government's most important policy and expedite the process of privatizing state enterprises, in order to encourage a free economy and nurture a vibrant private sector.

Mr Amnuai stressed that the administration will strive to implement these policies soon, to avoid inciting an impatient electorate. "We must act quickly. The people do not accept anything that is slow."

The Commerce Ministry will promote the development of food processing industries, to add value to Thai exports said Mr Chuchip.

It will also co-operate with the Ministry of Agriculture to develop an agricultural futures market in Thailand, to help farmers hedge the risks of a volatile business.

The Commerce Ministry will try to reduce the Government's emphasis on large industries and work to develop small and medium-sized supporting industries, said Mr Chaiwat.

It will develop industrial estates specifically suited to the needs of smaller companies. It will also work to establish free-trade zones where companies can operate on a duty-free basis.

Mr Chaiwat said that the government must work with corporations for economic development. "The public

and private sectors are two legs that walk together to create prosperity."

Sombat Uthaisang, deputy minister of communications, said he will set up a neutral agency to oversee the monopolies of the Telephone Organization of Thailand and the Communications Authority of Thailand.

He added that within three months he will propose to the Cabinet that it open up the mobile phone market to new operators.

The Cabinet next week will consider how the private sector will be involved in installing the 7.1 million telephone lines called for by the telecommunications master plan, he said.

Chatchai Bunyarat, secretary general of the Federation of Thai Industries, expressed concern over the 700 percent increase in the price of underground water which the Chuan government approved. Mr Chaiwat responded that he will consider this matter.

Official Views Alien Business Law Changes

*BK1708075595 Bangkok BANGKOK POST
in English 17 Aug 95 p 17*

[FBIS Transcribed Text] Foreign business chambers' proposals on changes to the Alien Business Law will be considered before the draft law is proposed to Parliament, according to Deputy Prime Minister Amnuai Wirawan.

He was responding to suggestions by representatives of the foreign chambers of commerce at a discussion entitled "Meet the Economic Ministers: the Banhan Administration" in Bangkok yesterday.

The law took effect in 1972. Amendment proposals were prepared by a committee headed by Finance Minister Surakiat Sathianthai and presented to the Cabinet of the Chuan Likphai administration which lost power last month.

The change in government meant the draft could not be presented to Parliament. The ushering in of the Banhan Government has provided another chance to discuss the issue.

The chambers believe the proposed amendments would restrict the rights of companies to be incorporated with preferential voting rights and dividend rights. Therefore, they would like to see the existing definition of "alien" remaining in the new law.

Restrictions on foreigners' shareholdings should be abolished so that foreign investors, particularly small and medium-sized supporting industries, can hold more than 51 percent and use Board of Investment privileges,

according to Hiroyuki Maruko, president of the Japanese Chamber of Commerce.

However, Mr Amnuai said there was a misunderstanding that there would be more restrictions. The permitted foreign shareholding levels would have to be reviewed as suggested. "All these procedures which are slow or unfair are important and have to be addressed quickly," he noted.

The Customs Department would have to operate on the principle that the valuation by importers was correct, he said, reacting to a request by chambers to streamline customs regulations and the problem of the unequal treatment of companies in the application of duties.

The problem of work permits and visas could be reduced by setting up a special agency to cut down on the red tape, Mr Amnuai said.

The granting of visas is now handled by the Immigration Department, while the Labour Department grants work permits.

Most issues raised by the chambers are not new, according to Bryan Baldwin, chairman of the British Chamber of Commerce. But several issues remained through successive administrations.

An example is changes which have to be made in Thai law to ensure that criminal liabilities are not imposed for civil offences, like the failure to file returns in relation to companies.

While Mr Amnuai agreed that such laws were outdated and ambiguous, Commerce Minister Chuchip Hansawat said the issue was complicated as it would involve changing several laws.

Bol Proposes 'Revamp' of Investment Policy

*BK1408085795 Bangkok BANGKOK POST
in English 14 Aug 95 p 15*

[FBIS Transcribed Text] The Board of Investment [BoI] will aim to sharpen Thailand's competitive edge in the international market with proposals to revamp major investment policy.

The revamp, described as the turning point in investment policy, will keep Thailand on pace with competitors at a time of intensifying global competition. It is designed to make the country more attractive to both local and foreign investors.

Major changes are a revision of requirements on investment in Zone 3, the removal of criteria imposed on export-oriented projects and a revision of raw material import duties.

A Government House source said the National Economic and Social Development Board, Ministry of Industry and BoI are now actively working out proposals for the Banhan Government.

The proposals will call for the revamp of the investment policy and urge the Government to retain policies and implement projects relating to infrastructure, initiated by the previous government.

Changes will be given to Prime Minister Banharn Sinlapa-acha when he chairs the first BoI meeting late this month to abolish regulations requiring foreign-owned projects in Zone 1 or Zone 2 to export 80% of production.

The abolition will be in line with the General Agreement on Tariffs and Trade which says a shareholding limit on foreign investors will be abolished within eight years, beginning this year.

According to BoI assistant secretary-general Chakkramon Phasukwanit, existing regulations allow the BoI to approve foreign-owned ventures case-by-case when they want to distribute products domestically. It would only be for selective projects, he said.

Priority will be given to projects producing raw materials that support industries in Zone 2, such as machine tools, mould and die machinery.

Mr Chakkramon said a call to relax regulations on local distribution would help familiarise local industrialists with new conditions. Otherwise, they would suffer under a relaxation introduced abruptly in conjunction with GATT regulations — within five years.

Earlier, many foreign investors already with established factories in Thailand and some wanting to relocate production bases here had asked the BoI to abolish the requirements on 80% export, saying it was a big obstacle for those who wanting to expand production capacity or to relocate their plants.

Japan's Starpack Corp president Toshio Shimojima said he wanted to expand investment in Thailand, but the BoI's 80% export requirement was a major deterrent to expansion.

The company, a joint venture with a Thai investor in Bang Phli, Samut Prakan, produces semi-automatic strapping machines. Under BoI requirements, it must export over 80% of its output despite high demand in the local market.

Prime Minister's Office Minister Ruangwit Lik, who oversees the BoI, said investment policy in Zone 3 would be revised. But he said he needed more time to study how.

Three private organisations — the Federation of Thai Industries, Thai Bankers' Association and Board of Trade — recently asked Mr Banhan to hastily improve the country's competitiveness, restructure the tax system and revise investment regulations on Zone 3.

Mr Chakkramon said the BoI was working out how to adjust investment in Zone 3 in terms of promotional privileges.

NESDB representative for rural area policy Somchai Krusuansombat said the Banharn Government was appointing many committees to redistribute income to rural areas.

The first job is, the revision of investment policy in Zone 3 and the next is to establish a special economic zone.

The BoI has classified investment areas of the country into three zones.

Zone 1 comprises Bangkok, Samut Prakan, Samut Sakhon, Nonthaburi, Nakhon Pathom and Pathum Thani, where the least privileges are offered.

Zone 2 comprises 10 provinces in the Central Plains West and East. Projects in this zone are eligible for more privileges than Zone 1 but fewer than Zone 3 which covers the remaining 62 provinces.

The Chuan administration also had agreed to revise investment policy applied to Zone 3.

Currently, as the Government has placed no limits on the location of factories, it must develop national infrastructure to help support wider distribution of factories.

Studies done by the BoI reveal that the Government should select core areas for certain industries and build sufficient facilities to meet investor demands. Also, the Government should allocate budgets for developing infrastructure.

Proposed strategies were considered in the last BoI board meeting chaired by former prime minister Chuan Likphai.

Mr Chakkramon said even some investors wanted BoI to grant more promotional privileges for Zone 3, but this was the area with the most benefits and could not change Building sufficient facilities in Zone 3 and a special economic zone were the best solutions.

Officials Comment on Flood Situation

*BK1508100395 Bangkok THAILAND TIMES
in English 15 Aug 95 p A1*

[FBIS Transcribed Text] Bangkok — Since July up to now 600,000 people have suffered from floods which

have caused more than 500 million baht in damage to infrastructure and agricultural areas, Prime Minister Banhan Sinlapa-acha said yesterday.

Banhan, who is also the interior minister, said he has instructed all four deputy interior ministers to travel to the afflicted provinces to provide assistance to the effected people, mostly in the North and Northeast.

State units such as the Agricultural and Cooperatives Ministry, the Transport and Communications Ministry and the Local Administrative Department have also been instructed to provide relief to the people.

"The flash floods have affected more than 100,000 families and caused more than 200 million baht of infrastructure damage and more than 300 million baht of agricultural damage nationwide," Banham said.

Interior Ministry Permanent-Secretary Ari Wongaraya said the ministry has been informed that 32 provinces have been effected by the floods. However, only a few provinces, such as Sukhothai, Phichit and Phitsanulok, remain flooded.

The provincial governors have been assigned to investigate and propose a budget for the flood victims. The Bangkok Metropolitan Administration has also been ordered to prepare for flooding in the city, Ari said.

Meanwhile, Director-General of the Meteorological Department Samit Thammasarot said more flash floods might occur in several Northeastern provinces.

He added several rivers might overflow their banks within a couple of days, particularly the Ping River, the Nan River, and the Pa Sak River.

Chaemsai Silpa-acha, Banhan's wife, yesterday traveled to Chiang Rai province to examine the area's flood situation and distributed necessities and medicine to some 1,300 people.

Vietnam

Ministry on U.S. Reaction to Dissident Trials

BK1708160795 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 17 Aug 95

[FBIS Translated Text] The Vietnamese Foreign Ministry's Information Department held a news conference in Hanoi this evening [17 August] to brief reporters on Vietnam's diplomatic activities in the days ahead. Many reporters from domestic and foreign mass media agencies attended the news conference.

Answering a foreign reporter's question on the Ho Chi Minh City People's Court trials on 11, 12, and 15 August and on the statement by the U.S. State Department's spokesman on 15 August related to the issue,

Mrs. Ho The Lan, spokesperson of the Vietnamese Foreign Ministry, said: The Vietnamese press has presented full coverage of the Ho Chi Minh City People's Court trials on 11 and 12 August against Nguyen Dinh Huy and his accomplices on the charge of acting to overthrow the people's administration and on the 15 August trial against Dang Phuc Tue and other defendants on the charge of carrying out activities to sabotage the state policy on unity and of abusing democratic rights in order to violate the interests of the state and mass organizations. She said that this was the normal work of the Ho Chi Minh City People's Court in its trial against those who violate Vietnamese law. It had nothing to do with the religion of these persons, as intentionally reported by a number of Western newspapers.

The trials were openly conducted against the defendants, and penalties were handed down in accordance with current Vietnamese laws that ensure the equality of citizens before the law as stipulated in the Vietnamese Constitution.

At the 11 and 12 August trials, two of the defendants carried American passports; thus, a representative of the U.S. Embassy in Vietnam was present.

Regarding the statement of the U.S. State Department spokesman on 15 August, Ho The Lan said: We contend that the normalization of relations between Vietnam and the United States is in the interests of the two countries and of peace and stability in the region. We are ready to continue to hold talks with the U.S. side on the human rights issue, considering this a global problem. However, we will not accept this as a condition for economic and trade relations between the two nations.

Essay: 81 U.S. Planes Shot Down in 1972 Battle

BK1708142595 Hanoi Voice of Vietnam in English 1000 GMT 17 Aug 95

[Station essay on the battle of Quang Tri]

[FBIS Transcribed Excerpt] [Passage omitted] On the night of December 18, 1972, the U.S. imperialist launched the largest scale air strike against North Vietnam entitled "Numero Battle Two" to attack Hanoi, Haiphong, and several other areas. The main goal of the U.S. imperialist was to push pressure on Vietnam to force it to adopt some provisions in the draft Paris Agreement and to force Vietnam to return to the Paris Conference with a weak bargaining position.

In the two consecutive days and nights, thousands of B-52 bombers and aircraft repeatedly attacked Hanoi, Haiphong, Thai Nguyen, and important road sections causing great losses in life and property to the Vietnamese people.

The Vietnamese Army and people shot down 81 U.S. planes, including 34 B-52's. The victory of Dien Bien Phu in the air in 1972 went down in Vietnamese history as a bright victory and an important contribution to destroying the U.S. scheme to negotiate from a strong position and force them to sign the Paris Agreement leading to the withdrawal of all U.S. invaders from Vietnam.

An agreement on ending the war and restoring peace in Vietnam was signed on January 22, 1973. The signing of the Paris Agreement constituted a new stage in the battlefield, which led to the withdrawal of U.S. aggressors from Vietnam, the collapse of its puppet regime, and the complete liberation of South Vietnam.

Le Phuoc Tho Attends Party Cadres Conference

BK1608095995 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 7 Aug 95

[FBIS Translated Text] In Hanoi recently, comrades Le Phuoc Tho, member of the party Central Committee Political Bureau and head of the party Central Committee Organization Department, and Le Phuong Ngo, member of the party Central Committee and deputy head of the same department, chaired a conference with secretaries and deputy secretaries of the party affairs committee and party committees at the central level to discuss the implementation of party Central Committee Secretariat's Directive No. 51 and other tasks.

At the conference, comrade Le Phuoc Tho urged various party committees to satisfactorily implement the party Central Committee Secretariat's directive while striving to organize party organization congresses at various levels in accordance with the set schedule. He called for efforts to seriously implement the party statute in the selection of members to the eighth party Central Committee, with emphasis given to their political background, ethics, and good conduct. The selection of competent persons for the party Central Committee will ensure our succession and development system, thereby strengthening our party leadership's role in the new developmental stage.

Hoa Binh Admits 155 New Party Members

BK1708033795 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 11 Aug 95

[Report by Station Collaborator Ngo Quang Hung]

[FBIS Translated Text] In the 1994-95 academic year, party chapters in all schools of Hoa Binh Provinces admitted 155 new party members. This brings the total number of party members in the provincial education service to more than 1,260. However, the percentage of party members in school party chapters is still low at

only 11 percent. At present, 75 out of 227 schools do not have party chapters. In the next school year, the party affairs committee of the Hoa Binh education service will apply measures to strengthen the leadership capacity of the basic-level party organizations, so that in 1996-97 academic year all schools in the province will have a party chapter.

Meeting Marks August Revolution, National Day

BK1608155595 Hanoi VNA in English 1416 GMT 16 Aug 95

[FBIS Transcribed Text] Hanoi VNA August 16 —A grand meeting was held in the northern province of Tuyen Quang today to mark the 50th anniversaries of the August Revolution (August 19) and National Day (Sept. 2).

Attending the meeting were General Secretary of the Communist Party of Vietnam Central Committee (CPVCC) Do Muoi, advisor to the Party Central Committee Nguyen Van Linh, National Assembly Chairman Nong Duc Manh, Politburo member of the Party Central Committee Vu Oanh, Deputy Prime Minister Nguyen Khanh, President of the Presidium of the Vietnam Fatherland Front Central Committee Le Quang Dao, Secretary of the Party Central Committee and President of the Vietnam Women's Union Truong My Hoa, General Vo Nguyen Giap, and other delegates from Ha Giang, Cao Bang, Bac Thai, Yen Bai, Lao Cai and Vinh Phu Provinces.

In her speech, Ms Ha Thi Khiet, member of the Party Central Committee, secretary of Party Committee of Tuyen Quang and president of the Provincial People's Council reviewed the Tuyen Quang people's contribution to the August Revolution and the resistance for national salvation in the past as well as their achievements in the economic, educational and health care development at present.

Party General Secretary Do Muoi delivered an important speech at the meeting.

After the meeting a parade of armed forces and a march of 700,000 local people were held.

Son La Builds New 22-Kilovolt Power Line

BK1708100095 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 14 Aug 95

[FBIS Translated Text] The Son La provincial electric sector has just started building a 22-kilovolt power line with the length of 50km from Moc Chau to Long Muong, which were former revolutionary zones. Construction units are speeding up their work to complete

the project by December this year so as to promptly supply electric power to the local people.

Bui Thien Ngo on National Security Protection

952E0087A Ho Chi Minh City SAIGON GIAI PHONG
in Vietnamese 14 May 95 pp 1, 2

[Excerpts From Speech by Minister Bui Thien Ngo at the Conference to Recapitulate Five Years (1990-1994) of the Movement to Defend National Security in Ho Chi Minh City: "The Movement to Defend National Security is a Revolutionary Movement of the People Under the Leadership of the Party"]

[FBIS Translated Text] After listening to a recapitulation report by the Municipal People's Committee and actual reports of people at the local level, and by monitoring the units of the army and the city's movement, I see that you have correctly evaluated the accomplishments of the movement to defend national security in building secure organs and enterprises, in building neighborhood teams and people's security-order self-management teams, in encouraging criminals to turn themselves in, in educating backward youths and teenagers, in preventing and fighting fires and maintaining traffic order and safety, in preventing and struggling to stop crime and social evils, in building the hardcore forces of the movement, and in campaigning for the mass organizations, sectors, circles, and all strata of people to participate.

We are living in the final years of the 20th Century, pivotal years before entering the 21st Century, a century that many world scientists predict will see sudden, explosive economic-social and scientific-technical development. The above situation contains opportunities, but at the same time also contains many dangers and challenges for all nations. Competition in the "market economy" and the "global economic war" occurs continually and with increasing ferocity with regard to the international division of labor, the differentiation of rich and poor, and the contradictions between the developed industrial countries and the developing countries, which forces all nations that want to maintain their national independence and progress to endeavor to affirm a worthy, solid position in the process of merging its economy with the international community. We, with our heroic tradition, are determined not to fall too far behind the world, and must gradually reduce the gap with the developed nations without going astray from socialism.

The Southeast Asian region has been evaluated as being a dynamic region with a high, stable rate of development. We are about to join ASEAN, with intertwined advantages and challenges. It may be said that many new challenges will arise, such as cooperation

and competition, taxation, and travel within the ASEAN bloc.

Striving to achieve the goal "A rich people, a strong nation, and a just, civilized society," we must industrialize and modernize the nation, continue to renovate all aspects, and overcome perils and challenges. We will maintain the external line of openness, of "wanting to be friends with all nations, on the basis of maintaining independence, sovereignty, and territorial integrity." We are strengthening and expanding the great solidarity bloc of all the people, without discriminating with regard to religion or ethnicity. We are teaching and emphasizing a spirit of true patriotism and are encouraging the overseas Vietnamese to "return to their roots" and, along with the entire population, participate in victoriously fulfilling the two strategic missions of building and defending the socialist fatherland.

Our city, with more than 5 million people, is the nation's largest city and occupies an especially important position in industrializing and modernizing the nation. During the past 5 years our city has won many great victories and is regarded as a dynamic, creative city that leads the way in improving the lives of the people, eliminating hunger, and reducing poverty. It is also a place that clearly manifests opportunity and challenge, interlaced opportunity and peril, and cooperation and fierce competition. The positive aspects of the market mechanism have clearly developed but its negative aspects have also arisen and developed in a bad, complicated manner. The struggle between ourselves and the enemy is also seething, continuous, and complicated but we still maintain political stability and still do a good job of serving the mission of building and developing the city's economy. The important thing is to rely on the people and the movement to protect national security.

The movement to protect national security in the city is a revolutionary movement of the people, under the leadership of the Party, in which the people assume responsibility for protecting security and order in their hamlets, neighborhoods, or localities. The movement to protect national security, which is tied in with the other revolutionary movements, both contributes in a practical way to fulfilling the political missions set forth by the congress of the municipal party organization and ensures the peaceful lives of the people. The movement is also a united front and rallies the broad strata of people to struggle for the ideal and goal of "a rich people, a strong nation, and a just, civilized society."

To advance the movement so that it is permanent and continuous, improve its quality, and meet the requirements of building, developing and defending the city's security and order, I recommend:

First, during the next five years we must have a plan to endeavor, in each period of time, to build secure residential areas and secure organs and enterprises, and attract the participation of the broad popular masses, especially in the key, strategic areas with regard to security and order and the strategic routes, and form integrated security lines and zones in order to deploy a solid security position.

At the same time, it is necessary to pay all-out attention to a campaign, with concentrated forces and guidance, to resolve the urgent problems regarding security and order in each period of time and in each key, complicated area. It is necessary to combine the movement to defend national security with the movement to create a civilized way of life and cultured families, and with the movement of the mass organizations to create combined strength to fulfill the local political missions. It is necessary to utilize the experiences that have been recapitulated and determine the requirements of the movement so that they can be in accord with the personal benefit of the community, and utilize the propaganda forms and measures in teaching consciousness of serving as the masters in the task of maintaining security and order.

We must improve activities so that they can be in accord with the schedules, jobs, production, and business of the people to make it convenient for them, in order to attract large numbers of people from all strata and families to participate in the movement, while promptly praising and encouraging good people and good deeds in implementing the bylaws and conventions, and accomplishments in defending security and order.

Second, it is necessary to improve, and increase the effectiveness of, leadership and guidance by the party committee echelons and governmental administrations with regard to the movement to defend national security, and closely combine building with defending and defending with building.

In recapitulating the five years, the concern and guidance of the party committee echelons and governmental administrations for the movement to defend national security must be manifested in the following four factors:

First, strengthening the political bases of the party and government, so that they can be pure and strong and able to lead and guide the economic-social and security-national defense missions.

Two, flexibly combine the economic construction and cultural development missions with the mission to consolidate national defense. The goals and requirements of the movement to defend national security must be realistic and in accord with the interests of the masses,

and must be closely combined with the revolutionary movements of the sectors and mass organizations.

Third, we must do a better job of coordinating with the sectors and mass organizations so that they can operate together in the task of defending security and order, especially in the legal defense sectors.

During the past five years, we have issued two resolutions regarding coordination among the Fatherland Front, the Veterans Association, and the public security police, which were implemented rather broadly in the systems of those three organizations and achieved results. The results of the movement to educate and convert the target categories, to encourage criminals to give themselves up and report on themselves, create self-management teams, and maintain political stability by creating safe and solid wards and villages were victories for the policy of coordination between the public security police and the mass organizations, a specific manifestation of the creation of a cooperative relationship among the Front, the government, and administrations at all levels in campaigning for the people to carry out the stands and policies. We must improve, and upgrade the quality of, the cooperation mechanisms, have coordination programs, contents, and plans for each period of time, have a division of labor and the assignment of specific responsibilities, and have a plan to inspect the cooperative tasks that are set forth.

Fourth, it is necessary to strengthen the mass organizations, the basic-level units, and the ranks of the people doing protection work in the neighborhoods, villages, and hamlets.

The city has persuaded the revolutionary elders and veterans that contributing enthusiastically to the social work and the work of protecting national security is a very valuable and very worthy of respect, and must be developed even more deeply and broadly. We must pay all-out attention to the forces at the basic level because they are the hard core in maintaining and advancing the movement. During the coming period we must pay more attention to the youth forces and bring even more youths in the city into the movement to defend national security, and on that basic forge and train cadres for the city's common revolutionary movement.

Recapitulating the movement to defend national security during the past 5 years, we are enthusiastic over the ardent support and contributions of the people of Ho Chi Minh City. With confidence in the great strength of the people, and relying on the forces of the people, we are certain to achieve new accomplishments in the work of maintaining security and order in the city that bears the name of our beloved Uncle Ho.

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On a Capital Market and Stock Market in Vietnam

953E0017B Hanoi TAP CHI CONG SAN
in Vietnamese Jun 95 pp.17-21

[Article by Finance Vice Minister Tao Huu Phung]

[FBIS Translated Text] Since we began renovating, Vietnam's economy has undergone serious challenges. But not only has it stood firm, but it has also achieved very satisfying results. The rate of growth is stabilizing, the standard of living of the various strata of people has improved notably, commercial production activities have been reorganized and put in order, and sources of capital within the economy have been mobilized and exploited using various forms in order to satisfy the need to mobilize capital for development investment. In the new mechanism, capital circulation has been broadened, and in reality, a capital market has been restored and developed in Vietnam.

However, the development of the Vietnamese capital market still has many limitations, it has not been perfected, and it is not adequately controlled by the state. In particular, an important tool of a capital market, that is, a stock market, still has not been formed in our economy. This is not a shortcoming but a reality that reflects the low level of development Vietnam's capital market.

One of the targets in the strategy to stabilize and develop the economy and society by the year 2000 in our country is to double the gross domestic product. In order to hit this target, we must have \$40-50 billion in investment capital for the economy. To have that much

capital, we must mobilize capital both here and abroad using various measures and forms. Concerning capital capabilities, various data show that we can mobilize approximately \$20-22 billion from abroad using various forms: [obtaining] direct investment, exploiting sources of Official Development Assistance (ODA), mobilizing money from overseas Vietnamese, and perhaps issuing bonds on international markets. But steps must be taken to ensure that the capital is used effectively and that the debts are paid. However, in order to make effective use of the foreign sources of capital, it is extremely important to mobilize domestic sources of capital. The basic viewpoint in the policy of creating capital to build the country is to rely on accumulating capital from within the economy by encouraging each person, each household, and each enterprise to be industrious and thrifty in production and frugal in consumption and amass capital for development investment. But in recent years, the rate of savings for investment in the regulated spheres, and, therefore, in the economy in general, has been low. (According to the estimates of a number of international organizations, this rate is approximately 7 percent of the gross domestic product, or GDP. This is one of the lowest rates in the developing countries, where the average is 17-25 percent of GDP. In China, the rate is 30-34 percent.) One of the reasons for our low rate of savings is that per capita income in our country is very low (\$200-220), and a high percentage of the people have low incomes. (Eighty percent of the people live in rural areas, where incomes are sufficient only to satisfy consumption needs. Very little, or nothing, is saved.)

Another important reason for the low rate of savings for investment is that after a long period of interruption, even though Vietnam's capital market has been restored, it is still at a low stage, and there are few forms of capital circulation. Circulation is still under great pressure by the old mechanism. The state has not given attention to creating the conditions and environment necessary to develop the factors of the new mechanism in this sphere. Because of this, it can be said that Vietnam's capital market is still very fragile and risky.

Reality shows that we must have an excellent capital strategy with all the tools of a market operating in a stable economic environment and a trustworthy legal environment. This means that we must have a program and plan to develop our capital market with concrete and clear solutions and steps that are in accord with the requirements, capabilities, and realities of the country.

As for the capital market, we must analyze the tools of the market and see what the strengths and weaknesses of each tool are in order to have suitable policies and solutions. Here, based on legal factors and the

relationship between the objectives, it can be said that the three main tools of the capital market are: the underground market, the credit market through the banking system, and the stock market. Naturally, each tool has its own strengths and weaknesses.

The underground market is a type of capital market that operates spontaneously and that does not have any legal basis. It appeared a long time ago and has expanded throughout Asia. In Vietnam, the underground market is quite varied (appearing in the form of pooling funds, loans among members of a family, organization, and village, and so on). The strengths of the underground market are that it has a simple organization, trading expenses are low, and capital can be supplied quickly and easily. Its weaknesses are that it is spontaneous, it is not controlled by the state, and there are no laws to control things. Because of this, it is easy for negative phenomena to arise, such as fraud, theft, and so on, and this creates turmoil in the economy and weakens the activities of the capital market.

The credit market through the loan activities of the banking system: This has been in existence for many centuries and has now reached a very high technical level. In all countries, the system of commercial banks has been expanding constantly, and it satisfies approximately 60-70 percent of the economy's capital circulation needs. In Vietnam, the credit market is expanding and becoming the most capable tool of the capital market. As for market share, because we do not yet have a stock market, capital circulation activities in the market are conducted mainly through the banks and credit market. While the underground market is fairly widespread, it is small in scale. Because of this, its market share is small as compared with the credit market.

Although it is an important tool, the credit market has certain limitations, because it not only separates those with capital from those who need capital but also has a monopolistic nature in relationships (interest rates, loan conditions, and amount of loan capital).

The stock market is a type of market that came into being in a market mechanism in order to overcome the limitations of the two types of markets discussed above. The operating principle of this market is: When people need money, they do not use credit market tools (they don't borrow money from a bank), and they do not use the underground market (borrow money from friends and relatives). Instead, as permitted by law, they can issue loan certificates (bonds) or investment certificates (shares) in order to mobilize capital. At the same time, those with capital will not deposit their money in a bank or loan it to friends. Instead, they will select and buy the instruments that gives them the highest profit.

The advantage of the stock market is that it satisfies all the needs of those with capital (those who are prepared to take risks can buy shares, and those who are adverse to risk can buy bonds). At the same time, when they need money, the owners of shares or bonds can sell them to others on the market.

The stock market combines the advantages of the underground market with those of the credit market. At the same time, it overcomes the limitations of those two markets. Thus, economists have said that the stock market is the highest and most perfect stage of development of the capital market. There are two types of stock markets: a primary market and a secondary market.

The primary market is the market where stocks and bonds are issued for the first time. The main function of this market is to mobilize investment capital for the economy.

The secondary market is the market where stocks and bonds already issued on the primary market are bought and sold. This market does not increase investment capital for the economy, but it does have a great effect aimed at stimulating the growth of the primary market, because this market makes it possible to convert stocks and bonds into cash when necessary. Furthermore, the market price of stocks and bonds on the primary market sets the standard for objectively evaluating the operations of corporations, the government, and the economy in general. Because of this, the stock market is regarded as a barometer of the economy, or it can be called the symbolic economy of the real economy (the commodity and services economy).

Experiences of countries throughout the world: At present, there are more than 160 stock markets throughout the world. Many of these markets came into being and have survived for hundreds of years, but there are also markets that came into being just a few years ago (such as the stock markets in Russia, Poland, the Czech Republic, Hungary, and so on). After being established, almost all of the stock markets have gradually improved their efficiency by making careful preparations, and they have been closely controlled by the state. However, there are a number of markets that ran into difficulty right away. For example, the stock market in Indonesia had to close down just two years after it was established because of the lack of commodities, and the Philippine stock market has been ineffective because of the lack of unified guidance by the securities transaction offices.

Stock market activities are regulated by law. In various countries, it is the ministry of finance that is responsible for controlling the stock markets. There is a national

securities commission that serves as a consultant. In a number of other countries, the national securities commission is headed by the minister of finance. This commission operates like a state management organization with respect to the stock market (it has its own separate office and apparatus).

Stock markets have many advantages, but they also pose many risks, because they are highly speculative. Because of this, establishing and managing a stock market requires very careful preparation. This cannot be done in a subjective manner or rushed. After a stock market has been established, all of the nation's financial activities will be closely tied to it. Thus, if it runs into trouble, that will threaten the stability of the nation's economy and finances.

Understanding the need to expand the capital market and the importance of the stock market as an essential element of the capital market, we feel that Vietnam must greatly expand the capital market by limiting the negative influence of the underground market and improving the operating techniques of the credit market. At the same time, we must move toward establishing a stock market. However, in order to establish a stock market in Vietnam, the necessary conditions must be present and a suitable model and suitable steps must be selected.

As for the conditions, there are at least five basic conditions:

1. Economic stability: In our country today, the economy and markets are relatively stable. However, that stability is not really strong. This is a very important condition for establishing and developing a stock market in our country.
2. Cadres: At present, we lack a rank of stock market managers who have been systematically trained, and we lack a rank of experienced securities dealers. Thus, the immediate requirement is to quickly train a rank of cadres to manage the stock market and a rank of cadres whose job is to issue government securities, bonds, and corporate shares.
3. Commodities for the stock market: At present, we have various types of commodities, including state treasury notes, bank promissory notes, and corporate shares. But these securities have all been registered and cannot be transferred. As for their terms, with the exception of the shares, the other securities are all short-term securities. What must be given attention is converting the registered securities into unregistered securities and allowing people to buy and sell these securities. Issuing unregistered securities (particularly shares and long-term bonds) that can be bought and

sold must be encouraged. Investment targets must be expanded to bonds and shares. In Vietnam, the conditions concerning commodities for the stock market are still inadequate. Because of this, positive measures to provide stimulation must be implemented.

4. Legal basis: Our Constitution affirms that our country's economy must grow based on having state-managed markets. Thus, along with the commodity and services market and the labor market, we can and must expand the capital market and the stock market. This is in accord with the Constitution. Even though we do not yet have a civil law, the substance of people's asset ownership rights in civil law and the legal basis of a stock market are contained within the Constitution (Article 58).

Along with this, we already have operations laws within the Commercial Code (the Corporate Law, the Bankruptcy Law, the Law on Economic Arbitration, and the Law on Economic Contracts), the Finance Law, the Banking Law, and so on. However, the above laws must be amended and perfected in accord with the conditions necessary for having a stock market. At the same time, we must promulgate laws directly related to relations on a stock market, such as a Securities and Securities Transaction Law and other laws concerning issuing and trading securities, working as a securities dealer, and so on or issuing other documents under the law.

Thus, although the legal basis for a stock market are present in a number of legal documents, this is not an adequate basis. The problem is, we must have a perfect and synchronized system of laws.

5. Technical conditions: In moving to a market economy, settlements and transactions must be carried on gradually. But right from the beginning, the government must implement measures to prevent the forging of securities and create favorable conditions for trading securities, converting registered securities into unregistered securities, and carrying out securities settlements. Examining the conditions, it can be seen that we already have a number of the necessary conditions to varying degrees. But basically, we still lack most of the necessary conditions. And there is another important condition: the readiness of the people and economic elements to participate in the stock market. However, this problem will be solved once there is economic, social, fiscal, and monetary stability.

The formation of a stock market in our country may entail several stages: The stage of preparing the conditions is the first and most important stage. The second stage is that of establishing a stock market. The third stage is that of expanding the stock market. In the first stage, special attention must be given to preparing the

three basic conditions: commodities, the legal basis, and people.

As for a stock market model for Vietnam, in my view, there are three main issues that must be given attention:

First is the participation of foreign stock markets and commercial banks in the stock market. The experiences of many countries show that just after a stock market has been established, its activities are directed inward for the most part, and the participation of foreign securities organizations is severely restricted. However, there are a number of countries that, right from the beginning, allowed foreign securities corporations to participate. Vietnam lacks experience in managing and operating a stock market, and society lacks understanding concerning this type of market. In order to avoid risk, we should not immediately expand the scope of participation of foreign securities dealers. On the other hand, in order to stimulate this market and enable Vietnamese securities dealers to do well in this field, several joint-venture securities corporations should be established.

As for the commercial banks, their traditional function has been to carry on business activities on the credit market. That is, they have served as a financial middleman, borrowing money in order to make loans, not in order to trade in securities. There is still misunderstanding about this here. In order to prevent commercial banks from using customers' deposits to speculate in securities, the laws of many countries prohibit commercial banks from trading in securities. However, because of the pressure exerted by the commercial banks, the governments of many countries have had to relax the rules on this by allowing commercial banks to establish subsidiary corporations or joint ventures in order to form limited corporations that specialize in securities transactions. The accounting for these activities must be kept separate. Based on Vietnam's situation and specific conditions, in my view, it would be reasonable to use the above experiences. That is, we can allow commercial banks to trade in securities but with certain conditions. They must establish subsidiary corporations or joint ventures in order to form limited securities corporations, and the securities activities must be kept separate from the commercial banking activities.

Second is the matter of the state management organizations and the stock market. In countries throughout the world, the management of the stock markets is organized based on different plans. Based on the specific conditions in Vietnam, I think that the government should establish a National Securities Commission that is headed by the minister of finance and whose members include leading cadres from the ministries and state organizations concerned and a number of economists. This

commission should have its own apparatus and carry out its work based on a command system. But the activities of the commission should be based on a council system: each issue is decided by vote.

Third is the issue of ownership procedures with respect to the securities transaction centers and offices. In many countries, most of the securities transaction offices have been set up with money contributed by the commercial securities corporations, there are operating statutes, and they are approved by the national securities commission. In several countries, the securities transaction offices have been established by the state. In Vietnam, I think that in the initial stage, the securities transaction center, and later the securities transaction offices, should be established and controlled by the state. The head of the national securities commission should be responsible for supervising the securities transaction offices.

Expanding the capital market in Vietnam is a very pressing requirement. But if this market is to perform its function and play its role, we must provide it with sufficient tools and vary the forms and measures. Because of this, establishing and expanding a stock market in order to control foreign investment capital is one of the important contents of the capital strategy for Vietnam's economy. What should be noted is that a stock market represents a high level of development for the capital market. Its activities are very complex and sensitive. Because of this, even though establishing a stock market is urgent, we must be very careful and proceed in a suitable manner. We must not be subjective or impatient.

Stability in Order To Develop Based on the Path Chosen

953E0017C Bangkok TAP CHI CONG SAN
in Vietnamese Jun 95 pp 25-28

[Article by Khong Doan Hoi, high-level specialist at the Research Institute for Marxist-Leninist Theory and Ho Chi Minh Thought]

[FBIS Translated Excerpt] [Passage omitted] There is political stability in Vietnam. That is one of the very important achievements scored by our people after several years of renovation. According to the Harvard Institute for International Development, this achievement is due mainly to the fact that Vietnam has made major and effective changes. All of the economic indexes have improved. The economic growth rate reached 8.3 percent in 1992 and exceeded 7 percent in 1993.

The realities of the world and of our country show that development in conditions of stability and using development to maintain stability is one of the important

principles that must be adhered to in order to hit the target of having a "prosperous people, strong country, and just and civilized society."

But achieving political stability is not a simple matter. This requires correct understanding and vigilance, particularly in a situation in which the economy is operating based on market mechanisms and the enemy is carrying out a "peaceful evolution" plot against our country. [passage omitted]

Achievements and factors that must not be overlooked:

Since we first launched the overall renovation movement, our country's political situation has become more and more stable. This is an important achievement of the party and people. The basis for this stability is the confidence of all the people, above all the laboring people, in the leadership of the party and the economic and social management of the state. The reason for using the words "above all the laboring people" is that only with the trust of the laboring people can we create a firm basis for political stability and maintain the political character of stability, that is, a politics in which the laboring people are the masters under the leadership of the Communist Party of Vietnam. This must be clearly understood; otherwise, while there may be political stability, the real master of the regime will not be the laboring people. The insidious plot of the "peaceful evolution" strategy is to gradually neutralize the regime of the laboring people and have that regime survive in name only.

The fact that we have been able to restore and strengthen this trust in our country in recent years is due mainly to the economic achievements. The material lives of the great majority of the people have been improved, and they are no longer consumed by fear of starvation. Even though our per capita national income is still one of the lowest in the world, the quality of life has clearly improved for most people.

A general conclusion can be reached from this political stability: The decisive factor for the achievements of the renovation movement in our country has been the resolute, firm, and correct leadership of the party and state and the revolutionary spirit and struggle efforts of all the people.

The party has gradually overcome the erroneous viewpoints concerning socialism in general and the socialist construction lines and measures in our country in particular. Thanks to that, it has gradually increased its effectiveness in building the economy. The party has a correct viewpoint on renovation and democracy. It has remained firm in the face of the complex changes in the world situation, and it has waged a resolute struggle

against erroneous viewpoints aimed at creating doubt about or rejecting the path chosen by our people. The party and state have openly pointed out things and made an effort to overcome their weaknesses in leading and controlling the country. And along with having a flexible but principled foreign policy, they have gradually stabilized thinking within the party and people, solidified people's confidence in the leadership of the party, gradually repulsed erroneous political and ideological tendencies, and maintained the political stability of the country. The confidence of the people is manifested by the fact that they have accepted the challenges, borne and overcome the difficulties, and resolutely implemented the renovation line put forth by the party. This is one of the main reasons why in recent years the country has not only been able to withstand the storms but also move forward.

However, the situation must be evaluated in a clear-headed manner. We have scored major achievements and now have a great opportunity. But at the same time, we also face great dangers and challenges.

The "political stability of the country" must be placed within the "who defeated who" context of the long period of transition to socialism, particularly in a country that has by-passed the capitalist system. This is the only way to see all the difficulties in maintaining and solidifying the present achievements. Experiences in a number of countries have shown that historical "thickness" is not enough to maintain political stability and prevent politics from changing quickly.

Our country's present political stability is not strong, because this stability exists in an economy in which 46 percent of the people are poor. Our per capita GDP is only one-third of that of Indonesia and China and only 5 percent of that of the United States. While there is stability, some cadres, party members, and people still have doubts about the capabilities of the path chosen and about the ability of the "marxist" ship to dock at the port of socialism. Along with this state of mind, certain social evils and negative factors are on the increase. Within the party, there are shortcomings that are regarded as dangers. The most striking thing is that organization and discipline are weak in many places, and a number of party bases are weak. Some party members are degraded and degenerate, their combat will power has declined, they have forgotten their ideals, they are wavering and have lost confidence, and they have been affected by opportunistic and revisionist tendencies and want the country to take a different path. Some people have even turned traitor and surrendered.

Those are factors that could cause political instability, and they should not be ignored. Those factors could

grow greatly in the face of the great dangers facing our country today unless we monitor the changes closely and overcome negative manifestations promptly.

The party and state have implemented specific policies and measures aimed at repulsing those factors that could cause political instability. However, we must look for the causes and not ignore those factors. There are many reasons, but doesn't the most inclusive factor start from money, from the good and evil of money? I think that there is a basis for posing the problem this way. If the leadership of the party and the control of the state don't go to the heart of these negative factors, it will be difficult to maintain political stability in the face of the strength of money. This is a very new and also a very serious problem for a communist party and state of the laboring people in leading and controlling a small peasant country that is moving toward socialism. How can the country find large sums of money but control the money and make good use of the money for the benefit of the laboring people? No state in history has ever faced this task.

Unless much money is obtained, the people will not prosper and the country will not be strong. Simply having much money, however, does not mean that a society will immediately become just and civilized. But to have a just and civilized society, the people must have good incomes. Socialism is not a social system for sharing poverty equally. The difficulty is how to obtain much money during conditions of fierce competition. Greater and greater decline means that it has not been possible to obtain large sums of money. Eliminating poverty is not the slogan of socialism alone.

It is possible to obtain large sums of money, but unless the money is controlled, it will manifest its negative aspects. If money is allowed to do whatever it wants in our country, we will be committing suicide. The difficulty for party leadership and state control is to define rational limits in beneficial relationships and maintain political stability in order to have socialism.

The purpose of generating money and holding money must be to use the money effectively for the basic and long-term interests of the laboring people. Communists were not the first people to advocate the slogan "a state of the people, by the people, and for the people." Bourgeois constitutions raised this issue a long time ago. However, each advance in production under this state system represents a decline in the situation of the oppressed classes and of the great majority of people. Thus, the nature of this or that state cannot be judged just by its declarations. As for our state system, the money must be used to improve the lives of everyone, make them free and happy, and enable them to grow

personally in an all-round manner. Only in this way will it be possible for the political situation in the country to be really strong and impregnable to change.

In summary, stabilization for development can be achieved only if the laboring people are really the mas-

ter of the state under the leadership of the communist party. And only if there is stability will our country be able to develop along the chosen path.

Australia

Officials, Others Comment on PRC Nuclear Test

Evans Criticizes Test

LD1708074195 Melbourne Radio Australia
in English 0700 GMT 17 Aug 95

[FBIS Transcribed Text] Australia's foreign minister, Gareth Evans, says the Chinese [nuclear] test is deplorable. Senator Evans said the test comes just two months after China committed itself to restraint on nuclear testing.

[Begin Evans recording] What it's doing is reinforcing the cynicism and scepticism of so many countries around the world who want to move towards a non-nuclear future, but see the nuclear weapons states as not playing their part in getting there. That's the reason why there is so much hostility to these tests and that's why China deserves just as much condemnation as France. [end recording]

New Zealand's prime minister, Jim Bolger, has described the test as reprehensible. Mr. Bolger says the Chinese test is all the more reprehensible in the light of the current widespread protest at France's decision to resume testing in the South Pacific.

Evans To Summon PRC Envoy

LD1708094395 Melbourne Radio Australia
in English 0900 GMT 17 Jun 95

[FBIS Transcribed Text] Australian Foreign Minister Gareth Evans says he will call in China's ambassador to Canberra next Monday [21 August] to receive Australia's protest against the underground nuclear test. Senator Evans says China is not being sensitive nor responsive to the problem of persuading nonnuclear-weapons nations that those with nuclear weapons are serious about disarmament. Senator Evans said if this was to lead to a loss of credibility in the nonproliferation process it would be a threat to world peace. [passage indistinct]

Scientists on Test Strength

LD1708090695 Melbourne Radio Australia
in English 0830 GMT 17 Aug 95

[FBIS Transcribed Excerpt] With France only a few weeks away from resuming nuclear tests in the South Pacific, China has detonated a nuclear explosion. The underground blast occurred at the Lop Nor test site in China's far northwest.

The Australian Geological Survey organization in Canberra says the explosion was equivalent to up to 80

kilotonnes of TNT, about half the size of the nuclear test China held last May. [passage omitted]

Indonesian Flags Burned at Melbourne Consulate

East Timor Protestors Burn Flags

BK1708043495 Hong Kong AFP in English
0402 GMT 17 Aug 95

[FBIS Transcribed Text] MELBOURNE, Australia, Aug 17 (AFP) — Demonstrators burned Indonesian flags and jostled guests attending a function at the Indonesian consulate here Thursday, witnesses said.

About 200 pro-East Timorese protesters surrounded the premises where a function was held to mark the 50th anniversary of Indonesian independence, a police spokesman said.

He said police on the scene had reported "about half a dozen flags" were burned, but he was not able to say how many were Indonesian.

One report said three Indonesian flags were torched and that the driveway to the consulate building showed scorch marks from one burned flag.

Police watched the crowd and a police helicopter overflew the area.

Police Inspector Bob Snell said a breakaway group of the protesters jostled guests as they entered the building.

A 27-year-old East Timorese activist, who identified himself only as Thomas, said some protesters swore at guests in the Indonesian language.

He said some had kicked and pushed guests after becoming angered at "their attitude."

The protestors chanted slogans in support of Xanana Gusmao, a jailed Timorese independence leader, and held banners declaring: "No blood for oil. Free East Timor".

Indonesia seized the former Portuguese colony in December 1975 and annexed it the following July in defiance of the United Nations.

There were also protests outside the Indonesian consulate in the northern city of Darwin and police said they arrested a man who tried to set fire to the Indonesian flag.

About 50 people gathered near the consulate building, which had been closed off by police, blowing whistles, banging drums, waving placards and shouting slogans.

The Australian Broadcasting Corp radio reported that the man had been hiding in bushes outside the building

and had run towards the consulate carrying the burning flag.

The protests came a day after Indonesian Foreign Minister Ali Alatas called in the Australian ambassador in Jakarta, Allan Taylor, to complain about a flag burning by East Timorese supporters in Darwin.

Yesterday supporters of Timorese independence in Darwin set fire to an effigy of Indonesian President Suharto, the Indonesian national flag and the president's standard.

Indonesian Ministry Calls Envoy

*LD1708100795 Melbourne Radio Australia
in English 0700 GMT 17 Aug 95*

[FBIS Transcribed Text] Another Indonesian flag has been burned at a pro-East Timor demonstration in Melbourne, as Indonesia delivered a strongly worded protest note to Australia over the burning of a flag during a demonstration yesterday in Darwin.

Police in Melbourne say about half a dozen flags were burned, but they were unable to say how many were Indonesian. One report said three Indonesian flags were set alight at a demonstration at the Indonesian consulate in Melbourne. An Indonesian flag was also burned at a demonstration in Hobart.

In Jakarta, Australia's ambassador was summoned to the foreign ministry to receive the protest note. Indonesia correspondent Michael Maher reports:

[Maher] This latest flag burning incident is the second in less than a month. It's also the second time that Australia's ambassador to Indonesia, Allan Taylor, has been called in to hear Jakarta's protest.

As Indonesia celebrates the 50th anniversary of its independence, the country's foreign minister, Ali Alatas, condemned the burning of his flag in Darwin yesterday by protesters calling for a free East Timor. Mr. Alatas was quoted by the state news agency Antara as saying that Indonesia regretted that the Australian Government couldn't control the actions of the demonstrators. The minister went on to say that he thought it appropriate for the Australian Government to intervene in preventing such events.

The flag-burnings have sparked a number of small protests outside the Australian embassy in the Indonesian capital and have been widely condemned by government officials. This is Michael Maher, in Jakarta.

Evans on Outlawing Flag-Burning

*LD1708123195 Melbourne Radio Australia
in English 1000 GMT 17 Aug 95*

[FBIS Transcribed Excerpt] Australian Foreign Minister Gareth Evans says it may become necessary to change the law to outlaw the burning of national flags in Australia. Several Indonesian flags were burned in Melbourne today in a pro-East Timorese demonstration. [passage omitted]

Senator Evans says he recognizes that many nations regard it as an indefensible form of protest.

[Begin Evans recording] Well, I have put out a statement today expressing very deep regret about that. I have made the point that it's not illegal in Australia, provided it's unaccompanied by violence. It's a form of protest that we don't penalize, but at the same time we do understand how hurtful it is and I'm very concerned about the impact that it has had on Indonesia. [end recording]

Minister Denies Data Defends French Test Claim

*BK1708032395 Melbourne Radio Australia
in English 0100 GMT 17 Aug 95*

[FBIS Transcribed Text] Federal Environment Minister John Faulkner denies that the release of scientific research has helped France defend its decision to resume nuclear testing. The Australian scientific team's research shows French nuclear testing is unlikely to have any significant impact on the health of people away from the Mururoa area.

Senator Faulkner said this has not harmed the case against South Pacific nuclear tests.

New Zealand

Bolger Calls PRC Nuclear Test 'Reprehensible'

*BK1708064695 Hong Kong AFP in English
0619 GMT 17 Aug 95*

[FBIS Transcribed Text] WELLINGTON, Aug 17 (AFP) — The New Zealand Government Thursday expressed concern at the second Chinese nuclear test this year, calling it "reprehensible" and said it would deliver a protest in Beijing.

"I know that I speak for all New Zealanders in expressing serious concern and regret at China's action in proceeding with yet another nuclear test," Prime Minister Jim Bolger said in a statement.

"This is all the more reprehensible in the light of the current widespread protest at France's decision to resume nuclear testing in the South Pacific."

Bolger said it was important that the Chinese Government "realises that it cannot simply go on testing its nuclear weapons while hoping that the international community will turn a blind eye".

He said New Zealand's ambassador to Beijing, Chris Elder, had been instructed to convey the Government's concern "at the highest level".

Bolger also said Foreign Minister Don McKinnon would call in China's ambassador to Wellington, Huang Guifang, to deliver a protest.

McKinnon is out of Wellington until early next week and was not expected to call in the ambassador until Monday or Tuesday, the New Zealand Press Association reported.

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